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In the Supreme Court of the United States

OCTOBER TERM, 1947

No. —

UNITED STATES OF AMERICA, PETITIONER

v.

THE COLD METAL PROCESS COMPANY, ABRAM P. STECKEL AND THE UNION NATIONAL BANK OF YOUNGSTOWN, OHIO, TRUSTEE OF THE LEON A. BEEGHLY FUND

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

The Solicitor General, on behalf of the United States, prays that a writ of certiorari issue to review the judgment of the United States Circuit Court of Appeals for the Sixth Circuit, entered in the above entitled case on December 12, 1947, affirming the dismissal of the Government's action to cancel *ab initio* certain patents because of fraud in the procurement thereof.

OPINIONS BELOW

The findings of fact, conclusions of law, and memorandum opinion of the District Court of the United States for the Northern District of

Ohio, Eastern Division (R. I 79–104),[1] are reported in 62 F. Supp. 127. The opinion of the United States Circuit Court of Appeals for the Sixth Circuit (R. I 280–283) is reported at 164 F. 2d 754, and 76 U. S. P. Q. 6.

JURISDICTION

The judgment of the Circuit Court of Appeals was entered on December 12, 1947 (R. I 280). The jurisdiction of this Court is invoked under the provisions of Section 240 (a) of the Judicial Code, as amended by the Act of February 13, 1925.

QUESTIONS PRESENTED

1. Whether, in the light of the undisputed facts disclosed herein, the conduct of respondents and those associated with them in procuring the issuance of Letters Patent Nos. 1,744,016 and 1,779,195 has so violated the standards enunciated in *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238, and *Precision Instrument Co.* v. *Automotive Co.*, 324 U. S. 806, as to require cancellation *ab initio* of those patents for fraud.[2]

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[1] The printed record herein consists of ten volumes. Four volumes are numbered I to IV, inclusive, and the other six, consisting of exhibits, are lettered A to F, inclusive. Record references will thus appear, for example, as (R. I 97) and (R. B 42).

[2] A subsidiary question presented is whether, if Patent No. 1,744,016 is not cancellable for fraud, it should be cancelled on the ground of mutual mistake of fact. See note 14, p. 15, *infra*.

2. Whether statutory oaths filed in the Patent Office in support of patent applications are mere matters of routine, not to be relied upon by that agency as stating the truth of the facts therein set forth.

STATEMENT

The United States filed a complaint on July 27, 1943, against respondents herein [3] in the United States District Court for the Northern District of Ohio, Eastern Division, seeking cancellation *ab initio* of Steckel Patents No. 1,744,016 (Patent '016) and No. 1,779,195 (Patent '195), issued to respondent The Cold Metal Process Company (Cold Metal) as assignee of respondent Steckel. The complaint alleged that the procurement of these patents had been influenced by the perpetration, by respondents and those acting for them, of various frauds upon the Commissioner of Patents, or alternatively that Patent '016 had been procured as a consequence of mutual mistake of fact upon the part of the applicant and the Commissioner (R. I 10–22). Respondents' answer generally denied the charges made, although admitting many of the facts alleged (R. I 23–37).[4]

[3] Subsequent to trial the Union National Bank of Youngstown, Ohio, Trustee of the Leon A. Beeghly Fund, to which the patents were conditionally assigned while the proceeding was pending, was added as a party defendant in fulfillment of the requirement imposed by the District Court as a condition to permitting the assignment.

[4] Prior to trial, the District Court, on respondents' motion for partial summary judgment under Rule 56 (R. I

The patents in question relate to processes for the hot and cold rolling of sheet and strip steel and other metals and, as asserted by respondents in patent infringement litigation and by license, have served to dominate a large section of the sheet and strip metal industry basic to the economic life of this country both in time of peace and war.

The pertinent facts relating to the alleged fraudulent acts, taken mainly from the district court's findings (R. I 79–98) and in part from undisputed documents,[5] may be briefly summarized as follows:

1. *Contract, plan, and concealment.*—In December 1926, Walter J. Blenko, then an employee, and

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41–45), held that the United States could not, in this proceeding, attack the validity of the patents in suit for any alleged error of law or judgment on the part of the Patent Office, but could seek cancellation for fraud or mutual mistake of fact (R. I 63–71, 77). Simultaneously, in order to preserve the status quo, the court, on the motion of the United States, enjoined respondents from receiving any further monies on account of these patents, until entry of final judgment (R. I 75–76, 108). *United States* v. *Cold Metal Process Co.*, 57 F. Supp. 317. There has been deposited in the Registry of the District Court approximately $10,000,000 pursuant to this order (R. I 162, 171, 174, 182, 191).

[5] The United States generally has no quarrel with the District Court's findings of underlying fact so far as they go. In large measure, they conform to the allegations of the complaint (compare R. I 10–22 with R. I 79–98). However, these findings are deficient, particularly in regard to the Clark affidavits, *infra*, pp. 12–16, in that they fail to set out all of the pertinent undisputed facts. We do not, of course, accept the trial court's inferences as to the good faith of the parties (e. g., R. I 86, 97).

later a partner in Byrnes, Stebbins & Parmelee (Byrnes firm),[6] a Pittsburgh patent law firm, discovered that the firm was prosecuting two conflicting patent applications for different clients and that both applications disclosed common subject matter in regard to the application of antifriction (roller) bearings to the backing rolls of 4-high rolling mills designed to reduce the thickness of steel or other metals (R. I 82). One was the Steckel application, Serial No. 648,761, filed June 30, 1923, and assigned to Cold Metal; the other was the Biggert & Johnson application (Biggert application), Serial No. 103,264, filed April 20, 1926, and assigned to United Engineering and Foundry Company (United).[7]

Both applicants were advised of the discovery of the conflict and the firm suggested that it would withdraw unless the parties arrived at some satisfactory arrangement (R. I 82–83). Several conferences at which common counsel was present were had in May and June 1927, at which

[6] The firm name was later changed to Byrnes, Stebbins, Parmalee & Blenko, and finally to Stebbins, Blenko & Webb.

[7] At the time the conflict was discovered, the Patent Office had rejected all Steckel claims to the common subject matter for want of patentability over the prior art (R. A 61–62, 71–72); Steckel had acceded to the rejection and had cancelled all such claims from his application (R. A 64, 98). Three other limited claims had been conditionally allowed—"as at present advised," but these claims were, as frequently happens, later rejected or cancelled (R. A 71, 98, 135). Similarly, all claims then in the Biggert application had also been rejected (R. A 414, 424) and were later cancelled (R. A 425).

it appeared that United was interested in building and selling rolling mills and Cold Metal wished to collect royalties on the alleged invention (R. I 83). As a result, the commercial differences of the parties were settled by a contract executed on June 20, 1927 (R. I 83), providing in paragraph 3 that "when and if such claim or claims to common subject-matter are granted in any patent issued on Cold Metals' applications," Cold Metal shall grant United an exclusive license thereunder, subject to certain reservations in favor of Cold Metal (R. I 83–84). The contract also provided, *inter alia*, that a conference should be held at which common counsel would suggest a plan for securing the allowance by the Patent Office of claims to the conflicting common subject matter which claims were not then pending in the Steckel application (R. I 83). It further provided (R. I 83–84):

* * * * *

> 2. Cold Metals shall not, after such conference, present in its applications claims of the scope suggested at the conference, or directed to the subject-matter common to both parties' applications, if such claims are broader or of different scope than the claims now presented in Cold Metals' applications, *except with the agreement and cooperation of United.* (Emphasis supplied.)

* * * * *

Immediately following the signing of the contract, Stebbins of the Byrnes firm informed the

parties that the conflicting subject matter related to 4-high mills with roller bearings on the backing rolls and that the Steckel application had the earlier filing date (R. I 84).[8] As the best plan of procedure to secure the allowance of the common subject matter claims, Stebbins suggested that the matter be discussed with the Patent Office Examiner to see if the common subject matter claims could be formulated in the later filed Biggert application, since the Byrnes firm believed that the Patent Office could be persuaded to allow such claims to Biggert on the strength of the added argument of United's considerable commercial success with such mills (R. I 84). The parties agreed to this plan and agreed further, the trial court found, that "such claims as might be allowed in the Biggert and Johnson application and which would be broad enough to be read also on the Steckel application would be transferred into the Steckel application" (R. I 84).

Pursuant to the plan, Messrs. Blenko and Stebbins of the Byrnes firm, together with representatives of United, had an interview on June 27,

[8] The District Court found that at that time neither party personally had access to the other's application; that Cold Metal did not have access to the disclosure of the Biggert application until after the issuance of the Biggert patent on December 27, 1927; and that United did not have access to the disclosure of the Steckel application until January, 1929 (R. I 85). The Byrnes firm which represented both parties, was, of course, thoroughly familiar with both applications, inasmuch as Blenko was in charge of both cases.

1927, at the Patent Office, at which the Examiner was urged to allow a patent to Biggert on the 4-high roller-bearing mill because of the commercial success attained by United in selling such mills. (R. I 85). United's representatives did not mention the Steckel application at this interview in accordance with the instructions of the Byrnes firm (R. I 85; II 52), which feared that "If the attention of the Examiner had been called to the Steckel application, the Examiner might have declared an interference which would have delayed an issuance of any patent to Biggert and Johnson for some months and might have prevented its issuance altogether" (R. I 85; II 131–132).

On July 22, 1927, the Byrnes firm amended the Biggert application by inserting 10 new claims directed to the common subject matter and urged United's commercial success with the mill as evidence of real invention on the part of Biggert and Johnson (R. I 85, A 425–429). A continuation-in-part application* was subsequently filed on October 24, 1927, expanding the disclosure of the original application (R. I 85, B 3 *et seq.*), which, after two supplemental amendments, the second filed on November 30, 1927 (R. B 31, 39), and an

* As explained by Thomas E. Robertson, formerly a Commissioner of Patents (R. II 229–230), a continuation-in-part application is filed where an application is already pending and the applicant, having made an improvement, wishes to file a new application in place of the old one, but desires to embody in the new application not only what is in the old application but the improvement as well.

interview between Blenko and the Examiner (R. D 429, B 34), was finally allowed on November 30, 1927 (R. B 40). The final fee required before the patent could issue was paid the same day (R. B 41), and on December 27, 1927, Biggert and Johnson Patent No. 1,654,235 containing 13 claims was issued (R. I 85).[10] In support of the continuation-in-part application and the amendment to the original application filed after the adoption of the contract and plan, oaths by Biggert and Johnson were filed asserting in substance that they believed themselves to be the original and first inventors of the subject matter of the claims then being prosecuted and that the invention had not been on sale or in public use for more than two years prior to the date of their application (R. I 85–86; A 446; B 25). These oaths were filed despite the arrangement, not revealed to the Patent Office, that the claims thus being sought in behalf of Biggert and Johnson were ultimately to be transferred to Steckel (R. I 84).

From June 20, 1927, to the payment of the final fee in the Biggert application on November 30, 1927, the Byrnes firm made no effort whatever to prosecute the Steckel application (R. A 73–79). However, on January 16, 1928, 20 days after the issuance of the Biggert patent, Blenko at an interview with the Examiner advised him for the

[10] As to these claims, the Patent Office was thereby rendered powerless to recall its grant or to take the position that the same were unpatentable.

first time of the "discovery" (which in fact had occurred 2 years earlier, long before the issuance of the Biggert patent) of the conflict between the Steckel application and the Biggert patent, and mentioned the prospect of an interference based upon claims to be copied by Steckel from that patent (R. III 866–7, D. 429). Prosecution of the Steckel application was then resumed on May 23, 1928, when the Byrnes firm amended the Steckel application by copying into it 12 claims of the Biggert and Johnson patent. The claims were copied into the Steckel application for purposes of interference in accordance with the original plan (R. I 84, 86). The interference thus provoked was declared by the Patent Office, on September 8, 1928 (R. I 86–87). Pursuant to the firm's advice to both clients, neither party filed a preliminary statement, and the Patent Office accordingly awarded all 12 claims by default to Steckel on December 6, 1928 (R. I 87).[11]

2. *False representations to Commissioner of Patents.*—On October 3, 1930, just prior to the issuance of Patent '195, United, by new counsel,[12] petitioned the Patent Office to reopen the inter-

[11] The claims thus allowed were, on February 21, 1929, cancelled, without prejudice, from the original Steckel application and were later embodied in a divisional Steckel application, Serial No. 412,721, on which Patent '195 ultimately issued on October 21, 1930 (R. I 87). See *infra*, p. 12.

[12] On October 3, 1930, the formal power of attorney of the Byrnes firm as attorneys of record for Biggert and Johnson in the Patent Office was revoked (R. I 87).

ference between the Steckel application and the Biggert and Johnson patent, earlier concluded without contest (*supra,* p. 10), and to suspend the issuance of a patent to Steckel (R. I 87; B 59–66). Accompanying this petition was an affidavit of Florence C. Biggert, Jr., vice-president of United, setting out the contract of June 20, 1927 (R. B 67–76). The petition and affidavit, the District Court found, contained "all pertinent facts in regard to the dealings between United and Cold Metal and the alleged plan" (R. I 87–88), *supra,* p. 7. As urged by Steckel, the Commissioner of Patents on October 8, 1930, denied the petition, holding that United was guilty of laches in waiting some 22 months to seek a reopening (R. I 88; B 89, 104–106). On October 10, 1930, however, the Commissioner wrote to the Byrnes firm, in which he referred to United's petition and supporting affidavits and called upon the Byrnes firm to explain its conduct in so handling the two applications as to cause the Patent Office naturally to infer that there was no conflict between them, as a result of which the Patent Office was put in the position of issuing two patents on the same invention to separate clients of the same firm (R. I 88, F 67).

In explanation of its conduct, the Byrnes firm, in a letter to the Commissioner dated October 13, 1930 (R. I 88–89, F. 70), stated unequivocally that the petition of United "did not correctly state the facts", and stated affirmatively and repeat-

edly that "it was not our plan to get the claims issued in Biggert and Johnson and then transfer them to Steckel." This representation was contrary to the truth as to the provisions of the plan as found by the District Court (R. I 84):

> It was agreed by the parties that this procedure should be followed and that such claims as might be allowed in the Biggert and Johnson application and which would be broad enough to be read also on the Steckel application would be transferred into the Steckel application.

In view of the high regard which he held for Stebbins and considering the statements made by the Byrnes firm in this letter and all the facts available to him in the record, the Commissioner determined to let the case take its ordinary course, rather than to withdraw the application from the allowance stage under Rule 165 of the Rules of Practice, permitting such action upon a showing of fraud even after payment of the final fee (R. I 89). As the result of accepting as true the false representations of the Byrnes firm, as against those of United, here shown to be true, the Commissioner permitted Patent '195 to issue on October 21, 1930 (R. I 89).

3. *Clark affidavits.*—Meanwhile, after the award of the common subject matter claims to Steckel, but before United's petition, the events provoked thereby, and the issuance of Patent '195

(*supra*, pp. 10–12), respondents resumed the prosecution of the remaining claims in the original Steckel application. On July 29, 1929, Steckel filed a supplemental amendment to his original application, adding product claims and asserting under oath, in a broad amplification of the specification filed more than six years after the original filing of the application, that he had discovered that his cold rolling process was inherently "revolutionary" (R. A 112) in that the metals it produced were characterized by "random orientation" (helter-skelter arrangement of grains) of crystalline structure, rather than by "preferred orientation" (meaning non-preferred orientation in the direction of rolling) characteristic of all prior cold rolling processes (R. A 103–113).[13] This representation, he stated, was readily demonstrable by X-ray patterns made by the so-called monochromatic pin-hole method (R. A 105). In support of these verified representations, respondents filed an affidavit, dated July 22, 1929, of Professor George L. Clark of the University of Illinois, in which Professor Clark stated that random orientation was "more nearly approached" "in *all* of the many samples of Steckel rolled metal, both ferrous and non-

[13] The crystal grains of steel in its natural hot rolled state are in random orientation, a much more desirable situation than preferred orientation, the latter condition being traditionally regarded as the inevitable although undesirable concomitant of the cold rolling of metals.

ferrous," examined by him than in metals rolled by other methods (emphasis supplied) (R. A 116–122, 121).

On the basis of these representations, the Patent Office on August 14, 1929, allowed all of the previously rejected process and apparatus claims, but rejected those directed to the "revolutionary" product on more or less technical grounds (R. A 123). Thereafter, on October 17, 1929, Steckel filed a further amendment adding more product claims, amending others, and reiterating under oath the representation that the Steckel product was characterized by highly desirable random orientation of the crystalline structure (R. A 126, 131). An additional affidavit of Professor Clark was also filed on October 24, 1929, in which he asserted that the "Steckel process is superior to all others, * * * in that the prior processes produced preferred orientation while the Steckel process, by reason of the balance between tensile and rolling forces, gives random orientation" (R. A 132–133). The Patent Office on the basis of these unqualified representations then finally allowed the application including the product claims on December 11, 1929 (R. I 93, A 136). Patent '016 issued on January 14, 1930 (R. A 1).

The District Court, in making its findings on this aspect of the case, made no findings as to the following further undisputed facts, on which the United States based its complaint that the representations made under oath in the amendments of July 30 and October 17, 1929, and in the sup-

porting affidavits of Professor Clark dated July 22, and October 24, 1929, respectively, were such as to constitute fraud upon the Patent Office:

On May 7, 1929, Professor Clark had reported to respondents that the X-ray pattern of the first sample of Steckel steel examined by him "shows the material to be highly fibered, that is, oriented in the preferred direction" (R. B 340). He further reported to respondents on July 15, 1929, that an X-ray examination of the crystalline structure of a sample of steel rolled on the prior art Coryell mill disclosed that it was, if anything, "better" in respect to orientation than the Steckel samples he previously had examined (R. B 369–370). On September 9, 1929, Professor Clark, after examining several specimens of metal rolled on Steckel and other earlier mills, reported to Cold Metal that at least one pre-Steckel product compared favorably with the Steckel product (R. B 388–390, C 36).[14]

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[14] In connection with the Government's contention that Patent '016 should be cancelled for mutual mistake of fact, additional undisputed evidence not referred to by the District Court or the court below is pertinent. For example:

Professor Clark, together with his assistant Dr. Wayne A. Sisson, continued on behalf of respondents their X-ray examination of Steckel and prior art metals after the issuance of Patent '016. In a comprehensive report to respondents on May 29, 1931, as to all work done subsequent to the issuance of Patent '016 on the effect on grain structure of all of the variable factors in metal rolling on Steckel and conventional rolling mills, they concluded in effect that Steckel rolled metals were no different from metals rolled on other mills

Meanwhile, upon request of respondents, Dr. F. C. Blake of Ohio State University, likewise tested samples of Steckel steel by the monochromatic pin-hole method, the same method used by Clark, as well as by the "powder" method, and reported on June 27, 1929, that both methods disclosed that Steckel rolled steel was characterized by preferred orientation (R. D 496–497). On July 3, 1929, Blenko, having been advised of Dr. Blake's adverse findings (R. D 499), took the position that the report of Dr. Blake did not "appear to check out at all satisfactorily" with Clark's, and that he preferred "to follow Prof. Clark" (R. D 501). Although Dr. Blake was willing to continue his examination of Steckel products, respondents were not interested (R. D 498–499). The facts set forth in the last two paragraphs were not revealed to the Patent Office.

Proceedings in the courts below.—In the District Court as well as in the court below, the United States contended that these facts revealed clearly that the contract and plan, the concealment of the plan by

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(R. C 321, 363–365). On April 25, 1932, Professor Clark wrote to Cold Metal: "I shall always contend that our basic principle is correct and that the process always will tend in the direction of random orientation of grains. It is perfectly true, however, that long experience has shown us that oftentimes this is a tendency rather than an accomplished fact." (R. C 522). See, also, Professor Clark's letter of April 15, 1935 (R. C 546). On November 8, 1944, he further wrote: "* * * in light of our extended work published in 1933, * * * it is not possible to maintain under any conditions that the Steckel mill produces sheet steel which is always characterized by random orientation" (R. D 15).

Blenko and his firm, and the representations in the Clark affidavits were fraudulent, and that accordingly, both Patents '016 and '195 should be cancelled *ab initio* for fraud in the procurement. The District Court, however, although finding the underlying facts substantially as alleged by the Government, concluded that there was no fraud (R. I 98–104). The Circuit Court of Appeals, accepting in their entirety the findings and conclusions of the District Court, affirmed the District Court's judgment (R. 280–283).

SPECIFICATION OF ERRORS TO BE URGED

The Circuit Court of Appeals erred:

1. In failing to hold that the circumstances here disclosed required the cancellation *ab initio* of the patents involved.

2. In failing to hold that the contract and plan of June 20, 1927, and the resultant conduct of the parties pursuant thereto, had so violated the uncompromising duty of disclosure and honesty owed to the Patent Office as to require the cancellation *ab initio* of the patents here involved.

3. In holding that, since the representation of the conflicting interests of Steckel and Biggert and Johnson by the Byrnes firm was by their express consent, that firm acted in strict accord with the sixth canon of ethics of the American Bar Association, and that, therefore, the patents here involved were not tainted by fraud in the procurement.

4. In failing to hold that the Byrnes firm's letter of October 13, 1930, to the Commissioner of Patents was intended to, and did, mislead the Commissioner of Patents so that he permitted the issuance of Patent '195.

5. In accepting the District Court's findings of fact as complete in regard to the Clark affidavits and in failing to hold that on the undisputed facts, respondents, in the circumstances surrounding those affidavits, had so violated their duty to the Patent Office as to warrant the cancellation *ab initio* of the patents here involved.

6. In failing to hold that Patents '195 and '016 were so interrelated that the frauds committed in connection with the plan and contract tainted Patent '016, and the fraudulent misrepresentations in the Clark affidavits tainted Patent '195.

7. In failing to hold that, if Patent '016 were not tainted with fraud, it was issued as a result of mutual mistake of fact.

8. In failing to hold that the United States in seeking to cancel these patents for fraud did not have the burden of proving common law fraud.

9. In failing to hold that the assertions contained in the oaths of Biggert and Johnson filed in connection with the supplemental amendment and their continuation-in-part application were not considered by the Patent Office as routine and were relied upon by that agency as stating the correct facts in the ultimate allowance of the patent.

10. In imparting validity to the patents here involved; in holding that these patents had both previously been held valid in extended prior litigation; and in failing to hold that in a proceeding for cancellation of patents *ab initio* for fraud or mistake these considerations and the asserted commercial success of the inventions disclosed in these patents are irrelevant.

11. In failing to hold that the United States was not barred by laches to maintain the present proceeding.

12. In failing to hold that in the circumstances of this case, the United States was not estopped to seek the cancellation of the patents here involved on the ground of fraud.

13. In affirming the judgment of the District Court.

REASONS FOR GRANTING THE WRIT

1. For the purpose of showing the need for review by this Court, it is sufficient to emphasize one phase of respondents' misrepresentations which is established by the District Court's findings. The plan to proceed first to obtain allowance of the Biggert patent and then to transfer the Biggert claims to the Steckel application, irrespective of which party was the true inventor, was deliberately concealed from the Patent Office both at the time the common attorney for respondents and United was urging the Patent Office to grant the patent to Biggert (R. I 85),

and subsequently when the Byrnes firm, in answer to an inquiry from the Commissioner of Patents, flatly—and falsely—denied the existence of the plan (R. I 85). The District Court nevertheless concluded (R. I 100–101) that there was no fraud because common counsel, the Byrnes firm, having received consent from each client to continue as counsel after having made disclosure of its retainer by the other, properly continued to handle the two applications as if they were being handled by two separate law firms. But the facts found by the trial court show that the firm had brought the two clients together into a common plan for their joint benefit, and that its activities, purportedly on behalf of each applicant separately, were actually in pursuance of a common scheme. The concealment of the plan both negatively and by an affirmative falsehood in the letter to the Commissioner was apparently regarded by counsel as essential to its success.

The court below found that there was no fraud because the Byrnes firm's conduct "was in strict accord with the Sixth Canon of Ethics", because the Patent Office "necessarily was aware" that the one firm was representing the two parties with respect to patent applications covering the common ground, and because the Commissioner was aware (as a result of Biggert's disclosure) of the contract of June 20, 1927. But Biggert's disclosure to the Patent Office hardly renders less fraudulent respondents' counsel's false de-

nials of the facts Biggert had belatedly disclosed—denials which succeeded in their aim of misleading the Commissioner who was inquiring as to the truth of Biggert's revelations. Furthermore, although the firm's conduct with respect to its clients may have comported with the Sixth Canon of Ethics of the American Bar Association insofar as the duties to the clients were concerned, neither that canon nor any other permits bringing the clients together in a common plan and then concealing that fact by deliberate falsehood for their mutual benefit. In substance the decision means that conduct which is lawful with respect to the private parties concerned, but deliberately and successfully misleading in so far as the Patent Office is concerned, is not to be regarded as fraudulent if the Patent Office became aware through other sources, or should reasonably have become aware, of the facts concealed.

In finding such conduct not to be fraudulent the court below has, in our opinion, adopted an improper standard for determining whether representations to the Patent Office are fraudulent. We think it clearly would be dangerous from the standpoint of the public interest in avoiding the creation of patent monopolies on the basis of misleading representations to leave the decision below unreversed. Furthermore we submit the standard adopted by the court below is far out of harmony with the reasoning of this Court in *Precision Instrument Co.* v. *Automotive*

Maintenance Co., 324 U. S. 806, and *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238.

2. Patents constitute "an exception to the general rule against monopolies and to the right to access to a free * * * market" (*Precision Instrument Co.* v. *Automotive Co.*, 324 U. S. 806, 816), and hence the possession and assertion of patent rights are "issues of great moment to the public." *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U. S. 238, 246; *Precision Instrument Co.* v. *Automotive Co., ibid.* See also, *Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U. S. 661, 665; *Morton Salt Co.* v. *Suppiger Co.*, 314 U. S. 488, 492–493; *United States* v. *Masonite Corp.*, 316 U. S. 265, 278.[15] Because of the exceptional nature of patents there is an uncompromising duty on all applicants and parties to Patent Office proceedings "to report to it all facts concerning possible fraud or inequitableness underlying the

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[15] The failure of both courts below to appreciate that the instant proceeding was brought by the United States to protect the public and not to vindicate private rights is further illustrated by the language in both opinions intimating (1) contrary to the established rule (see e. g., *United States* v. *Summerlin*, 310 U. S. 414, 416, and cases cited), that since the United States had brought the proceeding 13 years after the issuance of the patents, it might be barred by laches (R. I 102, 283), and (2) that the United States is now estopped to attack the patents because certain officials of the Patent Office were put on notice of certain phases of the contract and plan and the manner in which they were carried into effect (R. I 102–3, 282). Cf. *Federal Crop Insurance Corp.* v. *Merrill*, 332 U. S. 380.

applications in issue." *Precision Instrument Co.* v. *Automotive Co., supra,* at 818. It is only by the imposition of such rigid standards of honesty and integrity that that agency can "act to safeguard the public against fraudulent patent monopolies. Only in that way can the Patent Office and the public escape from being classed among the 'mute and helpless victims of deception and fraud.' *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co., supra,* 246." *Precision Instrument Co.* v. *Automotive Co., ibid.;* cf. *Federal Communications Commission* v. *WOKO,* 329 U. S. 223.

From these cases, it appears that the concealment or deception need not be actually relied on by the Patent Office as the basis of action taken. Because of the secrecy surrounding pending applications adopted for the protection of the applicants, their non-adversary character, and the consequent necessity for the Patent Office to rely upon the integrity of the representations made by applicants and petitioners before it (see letter from Commissioner of Patents, *infra,* pp. 37–40), the fact of intentional concealment or deception itself is in many instances of greater significance than the facts concealed, and hence it is sufficient that the parties perpetrating such scheme think it material or indulge in such activity in order to influence administrative action. *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co., supra; Federal Communications Commission* v. *WOKO,* 329 U. S. 223, 227. It also is unnecessary that the conceal-

ment or deception relate directly to the claims ultimately awarded in the patent sought to be cancelled.[16] *Precision Instrument Co.* v. *Automotive Co., supra.* Nor is it material whether the patents involved in fact embody invention and therefore would otherwise be valid.[17] *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co., supra,* at 247.

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[16] In the instant case, the contract and plan, *supra*, pp. 4–10, related primarily to the claims allowed in Patent '195, and the Clark affidavits, *supra*, pp. 12–16, related to those allowed in Patent '016. However, contrary to the District Court (R. I 92–93), the fraud practiced in connection with each group of claims tainted not only the immediate patent but the other patent as well. The '195 claims were not separated out of the Steckel basic application until after the purpose of the contract and plan had been achieved, and these claims were still pending in the Patent Office while respondents were utilizing the Clark affidavits to induce the Patent Office to allow the claims ultimately included in Patent '016. The fraudulent misrepresentations to the Commissioner, *supra*, pp. 10–12, tainted only Patent '195, since they were made in October 1930, after the issuance of Patent '016 in January 1930.

[17] The validity of the patents here involved is not in issue in the present posture of the case. See *supra*, pp. 3–4, fn. 4. It may be noted in passing, however, that contrary to the court below (R. I 281), these patents have not been held valid in the cases cited or elsewhere. (a) *Cold Metal Process Co.* v. *United Engineering Co.*, 3 F. Supp. 120 (W. D. Pa.), 68 F. 2d 564, certiorari denied, 291 U. S. 675, involved only Patent '195, and there the Circuit Court of Appeals for the Third Circuit dismissed United's appeal on the ground that a licensee is estopped to contest the validity of its licensor's patent. (b) Although the same circuit, in its opinion published in 108 F. 2d 322 *sub nom. Cold Metal Process Co.* v. *Carnegie-Illinois Steel Corp.*, did hold both patents valid, that opinion was subsequently expressly withdrawn and the cause dismissed as moot, when, after this Court denied certiorari, 309

The fact that such proceedings in the Patent Office are necessarily secret and non-adversary would appear to impose a greater duty on applicants to disclose all pertinent information than in adversary litigation.

In the light of these standards, this Court held in the *Hazel-Atlas* case that this uncompromising duty was violated when an article written by the applicant's representatives but signed by an ostensibly disinterested expert was filed in the Patent Office in support of the application. Although this Court assumed that the article might have been true and that it played only a subordinate part in the ultimate allowance of the patent (322 U. S. at 247), it nevertheless condemned the transaction as "corrupt" and required that the patent be vacated (322 U. S. at 250, 251). In the *Precision Instrument* case, the departure from the uncompromising duty consisted not in the commission of perjury but rather in the failure to expose perjury to the Patent Office. Cf. *Federal Communications Commission* v. *WOKO,* 329 U. S. 223. The record here, we submit, reveals both a complete disregard on the part of respondents and their counsel for this paramount public interest in patents, and a course of conduct which in several instances violated the uncompromising duty of disclosure owed to the Patent Office as fla-

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U. S. 665, the Circuit Court granted a petition for rehearing, set the case for reargument, but before reargument the parties entered into an agreement settling their differences. 115 F. 2d 33 (C. C. A. 3).

grantly as did the conduct condemned by this Court in the *Hazel-Atlas* and *Precision Instrument* cases.

3 (a). Under the contract and plan, the parties agreed that Steckel was ultimately to secure the common subject matter claims irrespective of which of the parties was the first inventor but that, because of United's commercial success with its mills, the Biggert application should be used as a decoy to obtain allowance of claims previously rejected to Steckel (see n. 7, p. 5, *supra*). This plan was never revealed to the Patent Office while the applications were co-pending. Indeed, while prosecuting the Biggert application pursuant to this undisclosed plan, the parties carefully refrained from discussing the Steckel application with the Examiner or disclosing to the Examiner the agreement that claims being sought in behalf of Biggert & Johnson were, upon allowance, to be transferred to Steckel.[18]

Their purposeful failures to call the Examiner's attention to this arrangement could only

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[18] Although both applications were in the hands of the same Examiner, it was reasonable for him to assume that the common subject matter claims would not be reinstated in the Steckel application. Since both parties were represented by the same attorneys and since these claims had already been cancelled out of Steckel's application, the action of the Byrnes firm in prosecuting the claims in the Biggert application was reasonably calculated to cause the Examiner to infer, under accepted Patent Office practice, that they did not intend subsequently to reinstate these claims in the Steckel application. Cf. R. F 67.

have been to avoid the declaration of an interference which, at that time as the parties recognized, would have delayed the issuance of any patent to Biggert and Johnson for some months and might have prevented its issuance altogether (R. I 85; II 132).[19]

In furtherance of the agreed plan having as its ultimate object the procurement of a patent for Steckel, Biggert and Johnson filed oaths asserting that they believed themselves to be the first inventors of the common subject matter claims, pursuant to Rev. Stat. 4892 (35 U. S. C. § 35) and Rule 46 of the Rules of Practice of the Patent Office (revised October 1, 1927).[20] Regardless of whether they knew Steckel's earlier date of invention, there was at that time a failure, both on their part and on the part of the Byrnes firm, as common attorneys for both parties, properly to treat with the Patent Office. If Biggert and Johnson knew of Steckel's earlier date of invention, their oaths were *ipso facto*

[19] The Byrnes firm's knowledge of this conflict is demonstrated by the fact that after the Biggert patent was issued and beyond recall by the Patent Office, it informed the Examiner of the impending conflict even before Steckel had indicated which of these claims he considered to be supported by his application. By that time, the Patent Office, notwithstanding its prior repeated rejection of such claims in the Steckel application, was committed by the issuance of the Biggert patent to a finding of patentability. See *supra*, p. 9, fn. 10.

[20] Rule 46 in effect at the time these oaths were made has not been changed and is still operative. See Rule 46 of the Rules of Practice of the Patent Office (reprint, September 1, 1947).

false and hence, perjury within the *Precision Instrument* and *WOKO* cases. If, on the other hand, they did not know, then although they believed these oaths to be true, their willingness to agree to the transfer of these claims to Steckel irrespective of that fact likewise violated the fundamental statutory requirement that patents issue only to the first inventor. In any case, the Byrnes firm knew at least of Steckel's three year earlier filing date, if not his earlier date of invention—the latter was, of course, available to it at its request—and its filing of the Biggert and Johnson supplemental oaths in these circumstances constituted a representation, for the benefit of both parties and contrary to the facts, that Biggert and Johnson were entitled to the award of the subject matter being claimed.

The holding of the District Court that the acts of the Byrnes firm in prosecuting the Biggert application were performed solely on behalf of United ignores the fundamental fact that these acts were performed in carrying out a common plan to achieve a common object, *i. e.*, the procurement for the benefit of both parties of an ultimate patent on the common subject matter claims for Steckel, and therefore, that the act of one, in furtherance of the common object is the act of all. *Hitchman Coal & Coke Co.* v. *Mitchell,* 245 U. S. 229, 249, and cases there cited; *Connecticut Mutual Life Ins. Co.* v. *Hillmon,* 188 U. S.

208, 218; *Connolly* v. *Gishwiller,* 162 F. 2d 428, 433–434 (C. C. A. 7).

As a result of this plan, and its concealment, the Patent Office was persuaded, contrary to the requirement that only one patent issue on common subject matter and then only to the original and first inventor (*Kennedy* v. *Hazelton,* 128 U. S. 667, 672), to issue two patents three years apart on claims which it previously had consistently rejected for want of invention, with the further consequence that the period of patent monopoly on the common subject matter claims was expanded from the maximum of 17 years permitted by statute, to 20 years.

Nor was the taint which attached to the patents as a result of the plan and of the parties' activities pursuant thereto cured, as the court below held (R. I 282), as a result of the filing of United's petition of October 3, 1930 to reopen the interference. For the Byrnes firm's letter of October 13, 1930, not discussed by the court below, contradicted such disclosures as were there made by repeatedly denying falsely and contrary to the actual facts, as found by the trial court (see *supra,* pp. 7, 12), that it ever was the intention of the firm or of its clients deliberately to take out claims in the Biggert application simply with the idea of later transferring them to Steckel. *Supra,* pp. 11, 12. The Commissioner of Patents, having high regard for Stebbins of the Byrnes

firm, chose to accept the firm's representations as true, and permitted the Steckel Patent '195 to issue. As the Commissioner testified, had the Byrnes letter admitted the truth of facts set forth in Biggert's petition, he would have withdrawn the Steckel application from the allowance stage, and, among other things, issued an order to show cause why the patent should not be rejected entirely (R. II 193).[21]

(b) Although the representations in the Clark affidavits generally accorded with Professor Clark's letters of May 31 and June 11, 1929, exclusively relied on by the District Court to support its findings (R. I 94), they fail to disclose the conflict between these representations and the reports of Professor Clark made to Cold Metal on May 7, July 15, and September 9, 1929 (*supra*, p. 15). In these reports Clark found, contrary to the unequivocal assertions made in his affidavits—but in accordance with his subsequent admissions (see note 14, pp. 15–16, *supra*)—that at best not all Steckel samples were characterized by random orientation, and that the products rolled on prior art mills at least compared favorably with the Steckel product. Respondents did not reveal to the Patent Office these or the likewise contrary findings of Dr. Blake who, by the same monochromatic pin-hole method used by Professor

[21] Patent '016, having issued 10 months earlier was, of course, long beyond recall even had the Commission not been thus further deceived.

Clark, had found that the Steckel product was not unique and was characterized, along with metals rolled by prior processes, by preferred orientation.

In failing to disclose this information to the Patent Office, respondents, we submit, again breached the uncompromising duty of full disclosure to the Patent Office. On the basis of these reports, respondents had ample reason at least to doubt the correctness of their representations. Despite that fact, they nevertheless not only failed to disclose these conflicting reports to the Patent Office but in the face thereof unequivocally asserted the contrary to be true for the purpose and with the result of influencing Patent Office action (R. I 93). And it was because of these unequivocal representations that the Patent Office, in ignorance of their falsity or doubtful authenticity, permitted Patent '016 to issue including claims which it previously had rejected for lack of invention.

4. The District Court's holding (R. I 86) that oaths such as those of Biggert and Johnson filed in connection with their supplemental amendment and their continuation-in-part application were considered routine by the Patent Office, is squarely opposed to the testimony of Mr. Robertson, who had been Commissioner of Patents at the time the patents here involved were issued (R. II 227–228). As there appears and as stated in the letter from the present Commissioner of Patents (Ap-

pendix, *infra*, pp. 39–40), such oaths are in fact regarded by that agency as verified basic representations of inventorship on which the entire prosecution of the applications are predicated and in reliance on which the grants of patent are made. This is so because these oaths are required by statute,[22] and are essential to the validity of the patent. *Steward* v. *American Lava Co.*, 215 U. S. 161, 168; *De La Vergne Refrigerating Machine Co.* v. *Featherstone*, 147 U. S. 209 229; *Westinghouse E. & Mfg. Co.* v. *Metropolitan E. Mfg. Co.*, 290 Fed. 661, 664 (C. C. A. 2). Moreover, the Patent Office, because of the *in camera* nature of its proceedings, must necessarily rely, and has so relied in the absence of any contrary indication, on the veracity of representations made to it under oath by applicants for patents.

5. This is the first suit reaching appellate levels since the decision in *United States* v. *American Bell Telephone Co.*, 167 U. S. 224, in which the United States, invoking the only means available therefor (*United States* v. *American Bell Telephone Co.*, 128 U. S. 315, *American Bell Telephone Co.* v. *United States*, 159 U. S. 548; *United States* v. *American Bell Telephone Co.*,

[22] Rev. Stat. 4892 (35 U. S. C. § 35) provides in part: "The applicant shall make oath that he does verily believe himself to be the original and first inventor or discoverer of the art, machine, manufacture, composition, or improvement, or of the variety of plant, for which he solicits a patent; that he does not know and does not believe that the same was ever before known or used."

167 U. S. 224), has sought to have patents cancelled for fraud in the procurement. Spurred by this Court's decisions in *Mercoid Corp.* v. *Mid-Continent Co.*, 320 U. S. 661; *Hazel-Atlas Glass Co.* v. *Hartford Empire Co.*, 322 U. S. 238; and *Precision Instrument Co.* v. *Automotive Co.*, 324 U. S. 806, the United States has brought this and other proceedings for the cancellation of patents including those patents involved in the *Hazel-Atlas* case.[23] Successful prosecution of these proceedings and the filing of complaints in others presently under investigation depend in large measure upon the principles here held to control.

Although we believe that the principle established by these cases to be clear, the decision in the instant case, we submit, demonstrates plainly the necessity for this Court to define with greater force and particularity standards of practice applicable to the Patent Office and by which such cancellation proceedings are to be governed. The court below, in denying the prayer of the United States to have Steckel Patents No. 1,744,016 and No. 1,779,195 cancelled for fraud in the procurement, failed to apply these standards by adjudicating the controversy as if it were merely one between private parties. By sanctioning the manipulation of patent applications and Patent Office procedure for purely private advantage, the court below ignored the paramount public in-

[23] *United States* v. *Hartford-Empire Co.*, Civil Action No. 554, D. C. Del., filed March 28, 1945.

terest in patents, and refused to share in that judicial concern for protecting the public against fraudulent patent monopolies manifested by this Court in the *Hazel-Atlas* and *Precision Instrument* cases. This approach, coupled with the failure below to correct the District Court's categorization as routine of the consideration given to statements made in the statutory oaths of applicants attesting to their inventions, will, if not reversed, seriously impede the efforts of the Patent Office, the agency primarily charged with the protection of the public interest in these matters, to maintain among applicants and their counsel the high standards of honesty and integrity necessary for the proper discharge of these responsibilities.

6. The expiration *pendente lite* of Patents '016 and '195 does not make this case moot or in any way lessen its importance. Inasmuch as the disposition of roughly $15,000,000 impounded in the registry of the District Court ($10,000,000 in the present case and at least $5,000,000 in *United States* v. *Thomas Steel Corp., The Cold Metal Process Co. et al.*, Civ. Action No. 24760) depends upon whether the patents are held to have been fraudulently procured, the case is obviously not moot. Most of this sum is expected to be paid to the United States if the patents are cancelled *ab initio*.[24] And

[24] This $15,000,000 was paid into the Registry of the District Court by various of respondents' licensees as royalties on and in settlement for past infringement of the patents here

the importance of the case transcends the legal principles involved and the effect upon Patent Office practice and procedure already discussed, although they are the primary bases for this petition for certiorari. In addition to the $15,000,000 comprising the impounded funds, respondents are asserting claims for infringement of these patents against the United States under the Act of June 25, 1910, as amended (36 Stat. 851, 40 Stat. 705, 35 U. S. C. § 68) totalling approximately $12,000,000. They also have filed numerous infringement suits against various members of the public seeking judgments in the aggregate sum of tens of millions of dollars, and are asserting additional claims upon which suit has not yet commenced. Their right to institute judicial proceedings on these claims is not affected by the expiration of the patents since, under 35 U. S. C. § 70, respondents may recover for infringement occurring within six years of filing suit. All of these actions will fail, if the patents are cancelled *ab initio* here. In addition, in that event, the various persons who have paid respondents large sums of

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involved, and accrued to respondents largely on Government war-time procurement. In the *Thomas Steel* case the licensee-defendants have largely conceded the Government's right under the Royalty Adjustment Act (56 Stat. 1013, 35 U. S. C. Supp. V, §§ 89–96) to the major portion of the impounded fund, if Cold Metal has no claim to it as a result of the cancellation of these patents for fraud. The United States is also seeking to recover a substantial portion of the impounded fund on another theory which has not as yet been adjudicated.

money for royalties, damages or otherwise under these patents will be entitled to restitution. *Hartford-Empire Co.* v. *Shawkee Mfg. Co.*, 163 F. 2d 474 (C. C. A. 3); *United States* v. *Hartford-Empire Co.*, 73 F. Supp. 979 (D. Del.).

CONCLUSION

This case involves questions of great importance to the Patent Office and the public. The decision below is not in harmony with rulings of this Court. For the foregoing reasons, it is respectfully submitted that this petition for a writ of certiorari should be granted.

PHILIP B. PERLMAN,
Solicitor General.

MARCH 1948.

APPENDIX

Address only
The Commissioner of Patents
Washington 25, D. C.

DEPARTMENT OF COMMERCE,
UNITED STATES PATENT OFFICE,
WASHINGTON 25, *February 13, 1948.*

Honorable PHILIP B. PERLMAN,
Solicitor General, Department of Justice,
Washington 25, D. C.

DEAR MR. PERLMAN: This is in response to your request for my views as to the effect on the procedure and practice of the Patent Office of the decision of the Circuit Court of Appeals for the Sixth Circuit in the case of *United States* v. *Cold Metal Process Co., et al.*

This Office has always had a vital interest in this case which, as you no doubt know, was instituted largely because of the request of this Office. We have followed its progress through the courts very closely because we conceived of possible repercussions on our practice, particularly in respect to the standards of ethics of applicants for patents and the members of our bar representing such applicants.

As I read the opinion to which you refer it held that on the facts found by the trial court there was no basis for cancelling the patents here *ab initio*. As I understand the facts as found, there was concealment and misrepresentation of

many pertinent facts relevant to the prosecution of the applications for these patents. The effect of the holding of the Court of Appeals is to approve as proper, practices that in my opinion clearly deceived this Office into granting patents which, had the entire truth been known as shown by the record, probably would never have issued. As a consequence of this situation and the further underlying circumstance that conflicting applications were prosecuted by a single firm of attorneys representing both applicants, this Office was placed in a position of having to issue two patents containing identical claims to common subject matter three years apart. Moreover, it is extremely doubtful that these claims would have been found to be patentable at all in the absence of the concealment and misrepresentations of pertinent facts.

You are aware of the situation that under the law the prosecution of patent applications is *ex parte* and *in camera*. This is for the protection of applicants before the Office, seeking the issuance of patents. Congress has never provided this Office either with a staff or funds necessary to independently investigate the verity of representations made in the course of the prosecution of applications. At least in two recent instances, namely the *Hartford-Empire* case and the *Precision Instrument* case, the Supreme Court, evidently recognizing the need of protecting the public, has emphasized the necessity that this Office shall be able, unless it has notice to the contrary, to accept, as true, representations made during the prosecution of the application by the applicants and their attorneys. This Office must

accept and assume that all relevant facts have been fully and truthfully revealed to it in all communications whether verified or unverified.

In my opinion if the decision of the Sixth Circuit stands the result will be to seriously impede the efforts of this Office to insure that in the prosecution of applications the applicants and their representatives act with due regard for these standards requiring full and complete disclosure of all relevant facts. Unless this Office is in a position to rely upon the verity and complete disclosure of relevant facts leading to the grant of patents, it will be much more difficult for us to assure that the public will be protected against fraudulent or illegal patents.

In addition to what I have already said, I am seriously concerned with the language of the District Court, acquiesced in by the Circuit Court of Appeals, that the statutory oaths required in connection with the prosecution of patent applications are not relied upon by this Office and are not to be regarded as affirming the truth of the facts stated. Under our practice the contrary has been true. This Office has fully relied upon these oaths and has regarded them as stating the truth to the best knowledge of the applicant. If judicial sanction of the District Court's statement is not withdrawn, this Office will have no way of knowing whether the applicant in fact believes himself to be a first inventor of the subject matter upon which a patent is sought, or is filing the oath merely as a routine matter, which the courts in this case have indicated is the manner which such oaths shall be regarded. The work of this Office will thereby be severely handicapped as it then

will not be able to give any, let alone final, weight to such oaths.

Although the decision of the Sixth Circuit raises other problems affecting the administration of the Patent Office, I have confined my discussion here to such matters as in my opinion illustrate the effect on our practice of this decision.

Sincerely,

(Signed) LAWRENCE C. KINGSLAND,
Commissioner.

LCK:lg.

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No. 663.

In the Supreme Court of the United States

OCTOBER TERM, 1947.

UNITED STATES OF AMERICA,
Petitioner,

v.

THE COLD METAL PROCESS COMPANY, ABRAM P. STECKEL AND THE UNION NATIONAL BANK OF YOUNGSTOWN, OHIO, TRUSTEE OF THE LEON A. BEEGHLY FUND,
Respondents.

BRIEF OPPOSING PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

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March 29, 1948.

THE GATES LEGAL PUBLISHING CO., CLEVELAND, OHIO—MAIN 5647

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A:1	Refers to pages of lettered volumes of the record (A to F inclusive).
Biggert	Biggert and Johnson (as to patents, applications and claims).
Byrnes Firm	The Pittsburgh patent law firm of Byrnes, Stebbins & Parmelee, which was later Byrnes, Stebbins, Parmelee & Blenko and finally Stebbins, Blenko & Webb.
Cold Metal	The Cold Metal Process Company.
DX	Defendants' Exhibit.
FF	Findings of Fact of District Court (I:79-98).
I:1	Refers to pages of numbered volumes of the record (I to IV inclusive).
Patent '016	Steckel Patent No. 1,744,016.
Patent '195	Steckel Patent No. 1,779,195.
Pet.	Petition for Certiorari herein.
PX	Plaintiff's Exhibit.
United	United Engineering and Foundry Company.

No. 663.

In the Supreme Court of the United States

OCTOBER TERM, 1947.

UNITED STATES OF AMERICA,
Petitioner,

v.

THE COLD METAL PROCESS COMPANY, ABRAM P. STECKEL AND THE UNION NATIONAL BANK OF YOUNGSTOWN, OHIO, TRUSTEE OF THE LEON A. BEEGHLY FUND,
Respondents.

BRIEF OPPOSING PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

OPINIONS BELOW.

The findings, conclusions and opinion of the District Court are reported at 62 F. Supp. 127. The opinion of the Court of Appeals is reported at 164 F. (2d) 754.

JURISDICTION.

Respondents admit the jurisdiction of the Court in the premises.

STATEMENT AS TO THE FACTS.

Here, as in the courts below, petitioner has distorted the facts and ignored the findings unacceptable to it, as well as the substantial evidence upon which those findings and conclusions were based. As the Court of Appeals stated (I:282):

> "But appellant's [now petitioner's] contentions repeatedly ignore the findings and the substantial evidence upon which they are based."

The trial occupied twenty-one trial days and the appeal record consists of ten volumes. In view of this voluminous record, we shall state the facts appropriate to the several parts of our argument in the argumentative section of this brief.

SUMMARY OF ARGUMENT.

This case involves mere questions of fact and, moreover, facts peculiar to a single controversy. The facts as found by the Trial Court, after a lengthy trial, fully vindicated respondents. The Court of Appeals concurred with the District Court not only as to the facts but also as to the proper inferences and conclusions to be drawn therefrom. Accordingly, under the settled practice of this Court, certiorari should not be granted.

No question of public policy is involved. The courts below recognized the paramount public policy in cases involving Letters Patent but properly held that on the facts no valid ground of cancellation of the patents had been shown.

No question of law is presented.

Petitioner does not seriously challenge any of the findings of the courts below but complains that they were incomplete; the Court of Appeals, however, properly held that the findings of the District Court were "complete, responsive to and amply supported by the record" (I:282). Petitioner also complains that the inferences drawn by the courts below were wrong; but petitioner's contentions are based upon a distortion of the facts and a disregard of facts which destroy the inferences that it seeks to draw.

Petitioner's "Specification of Errors to be Urged" contains no sound reason for granting the writ.

Petitioner's "Reasons for Granting the Writ" ignore controlling facts and are without merit.

ARGUMENT.

I. SINCE ONLY QUESTIONS OF FACT ARE INVOLVED THE PETITION SHOULD BE DENIED.

The controlling issues in this case are questions of fact. The District Court made detailed findings which, as the Court of Appeals stated (I:282), "are complete, responsive to and amply supported by the record." The conclusions and judgment of the District Court followed inevitably from those findings. The Court of Appeals concurred with the District Court not only on the findings but also on the proper inferences and conclusions to be drawn therefrom. Petitioner does not even claim that there was insufficient evidence to support the findings of the courts below under Civil Rule 52.

There is no question of law presented here. Petitioner is merely seeking a review of facts on which the courts below were unanimous. It is settled that findings of fact concurred in by two lower courts will be accepted by this Court unless clear error is shown and that this "two-court" rule extends both to primary facts and to the inferences to be drawn from those facts.

Anderson v. Abbott, 321 U. S. 349 (1944);

United States v. O'Donnell, 303 U. S. 501 (1938);

United States v. Commercial Credit Co., Inc., 286 U. S. 63, 67 (1932);

United States v. Chemical Foundation, Inc., 272 U. S. 1, 14 (1926);

Washington Securities Co. v. United States, 234 U. S. 76, 78 (1914);

Wright-Blodgett Co. v. United States, 236 U. S. 397, 402 (1915);

Texas & New Orleans Railroad Co. et al. v. Brotherhood of Railway and Steamship Clerks, et al., 281 U. S. 548, 558, 559, 560 (1930);

Houston Oil Co. of Texas, et al. v. Goodrich, et al., 245 U. S. 440, 441 (1918).

The petition seeks a review of the voluminous evidence and a third hearing on a factual situation peculiar to this controversy on the basis of a distorted presentation of the facts. However, this Court will not grant a petition for a writ of certiorari to review evidence and discuss specific facts or to give the defeated party another hearing on matters peculiar to a single controversy.

Crowell v. Benson, 285 U. S. 22, 65 (1932);
United States v. Johnston, 268 U. S. 220, 227 (1925);
Southern Power Co. v. North Carolina Public Service Co. et al., 263 U. S. 508, 509 (1924);
Magnum Import Company, Inc. v. Coty, 262 U. S. 159, 163 (1923).

An application of the foregoing principles to the case at bar requires a dismissal of the petition.

II. THE "QUESTIONS PRESENTED" BY PETITIONER DO NOT ARISE ON THIS RECORD. NO QUESTIONS OF LAW OR PUBLIC POLICY ARE HERE INVOLVED.

A. Petitioner's First Question.

(Pet. 2.)

The courts below did not disregard the *Hartford-Empire* and *Precision Instrument* cases relied upon by petitioner but, on the contrary, recognized the authority of those cases and the paramount public interest in patents. The District Court cited the very cases on which petitioner relies (I:99). The attention of the Court of Appeals was directed to these cases; it distinguished the *Precision* case (I:282), and apparently recognized that the facts here of record took this case entirely outside of the *Hartford-Empire* case.

In *Hazel-Atlas Co. v. Hartford-Empire Co.*, 322 U. S. 238 (1944) the question involved was whether the Circuit Court of Appeals, upon proof that fraud had been perpetrated upon it by a successful litigant, had power to vacate its own judgment at a prior term and direct vaca-

tion of a District Court's decree entered pursuant to the mandate of the Circuit Court of Appeals. There was no dispute as to the existence of fraud in the record as it came before this Court. Thus, this Court (p. 250) referred to "Hartford's fraud, hidden for years but now admitted, * * *."

In *Precision Instrument Manufacturing Co. et al. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806 (1945), the decision was based upon the equitable maxim that a suitor must come into equity with clean hands. The evidence disclosed that plaintiff had taken advantage of its knowledge of suppressed perjured testimony given by a junior applicant in an interference proceeding to obtain title to his application and then proceeded to have the patent issued and to secure contracts from the junior applicant and others interested that they would not contest the validity of the patent. No information was given to the Patent Office of the perjury relating to the junior application. In a suit to enforce this spurious patent, the contracts, and two other patents, this Court held that plaintiff was barred by unclean hands.

In contrast to the situations in these cases relied on by petitioner, both the District Court and the Court of Appeals in the case at bar expressly decided that there were no false oaths or misrepresentations. The Court of Appeals said (I:282-3):

> "The weight of the testimony establishes, and the District Court found, that the parties did not enter into any plan to deceive the Patent Office. No perjury was committed in the proceedings before the Patent Office, as was the case in *Precision Instrument Mfg. Co. vs. Automotive Maintenance Machinery Co.*, 324 U. S. 806. Nor, as found by the District Court, were the facts misrepresented to the Commissioner or his examiners, as was the case in *Federal Communications Commission v. WOKO, Inc.*, 329 U. S. 223. The essential acts and relationship of the parties were

known to the Patent Office before patent 1,779,195 was issued."

The District Court said (I:86):

> "* * * The assertions contained in the oaths were made in good faith in accordance with the routine procedure of the Patent Office necessary to continue the prosecution of their applications and were believed in by the affiants at the time they were made. * * *"

So that whatever standards were applicable to dealings with the Patent Office, there was no fraud perpetrated on the Patent Office in this case and the first question stated by petitioner is not present.

B. Petitioner's Second Question.
(Pet. 3.)

Petitioner's second question—whether the statutory oath required of an applicant for a patent is a matter of routine and not relied upon by the Patent Office—was not presented by the record and is not an issue here for the following reasons:

(1) It is not contended that Steckel, whose patents are here under attack, ever filed a false oath in connection with these patents.

(2) Petitioner asserted below that the Biggert and Johnson oaths filed in the Biggert and Johnson applications (not Steckel's) were false, but petitioner's own witness, Biggert, testified flatly that the statements made in the oaths were made in good faith and were believed by him at the time they were made and for years thereafter (II:70, 71).*

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* It is significant that, despite petitioner's contention in the Court below—denied by its own witness—the Biggert patent was not attacked and United, the owner of it, was not joined as a party. United and various infringers, who were responsible for the instigation of this suit (*infra*, pp. 19-20), assisted the Government at the trial. They had been unable to defeat the patents in private litigation, so they were using this suit "as a last hope" (I:101-102) to escape from these valuable patents that revolutionized the steel rolling industry.

(3) Both of the Courts below expressly decided that there were no false oaths made in prosecuting the applications and that the essential acts and relationship of United and Cold Metal were known to the Patent Office before patent '195 issued (I:86, 87-88, 102-103, 282-283).

As there were no false oaths, it would be academic here to determine what effect, if any, a false oath might have had in the premises, and, since the question is academic under the facts of the case at bar, certiorari should not be granted for the purpose of instructing the Patent Office as to the weight it should give to oaths in other cases before it.

C. The Real Questions Involved.

The only questions in the case at bar are:

(1) Whether fraud was perpetrated on the Patent Office in the procurement of patent '195; and

(2) Whether fraud was perpetrated on the Patent Office in the procurement of patent '016 and if not, whether it was granted as a result of mutual mistake of fact on the part of the Patent Office and the applicant.

These are *fact* questions which have been decided adversely to petitioner by the courts below. As to patent '195, the District Court held (I:104):

> "There was no fraud practiced upon the Patent Office in the procurement of Patent '195 and said patent should not be cancelled in this proceeding either in whole or in part."

As to patent '195, the Court of Appeals (I:282) held that the "weight of the testimony establishes, and the District Court found, that the parties did not enter into any plan to deceive the Patent Office"; that "no perjury was committed in the proceedings before the Patent Office"; that the facts were not "misrepresented to the Commissioner

or his examiners"; and that the facts were known to the Patent Office before patent '195 was issued.

As to patent '016, the District Court held (I:104):

> "There was no fraud practiced upon the Patent Office in the procurement of Patent '016, nor was there any mutual mistake of fact upon the part of the applicant and the Patent Office in the granting of that patent. Patent '016 should not be cancelled either in whole or in part."

The Court of Appeals held (I:281) that the record supports the finding of the District Court that the representations made to the Patent Office in regard to the X-ray pattern of the Steckel product "were believed by Clark to be true, and were, when considered in their entirety, true." The Court of Appeals also held (I:281):

> "The District Court was clearly correct in concluding that neither fraud nor mutual mistake of fact existed in the procurement of this patent."

Since, as the Courts have held, the Patent Office was fully informed before granting patent '195, and the representations made to the Patent Office in regard to the X-ray subject matter of patent '016 were true, there could not have been any fraud or mutual mistake.

This Court has repeatedly held that it will refuse certiorari except in cases involving principles which should be settled in the public interest or presenting a conflict between the several Circuit Courts of Appeals.

Keller v. Adams-Campbell Co., 264 U. S. 314, 319-30 (1924);

Layne & Bowler Corp. v. Western Well Works, Inc., et al., 261 U. S. 387, 393 (1923).

The facts just stated bring the case at bar within this rule and call for denial of the petition.

III. THE PETITION IS FOUNDED ON AN INACCURATE AND MISLEADING STATEMENT OF FACTS WHICH IGNORES POSITIVE FINDINGS OF THE COURTS BELOW BASED ON SUBSTANTIAL EVIDENCE.

In view of the inaccurate and misleading representations in the petition, it is necessary to restate the pertinent facts.

A. As to Patent '195.

The original Steckel application was filed by Stebbins of the Byrnes firm on June 30, 1923 (FF 2, I:80).* On April 20, 1926, Parmelee, another member of the Byrnes firm, knowing nothing of the Steckel application, filed the Biggert and Johnson application for United (FF 4 I:82).** Those applications and the subsequent divisional and continuation-in-part applications were handled by the same primary examiner in the Patent Office and by the same assistant examiner. In December 1926, as a result of the Biggert and Steckel applications being turned over to Blenko, the conflict between the two applications was discovered (FF 5, I:82). The Byrnes firm then advised each applicant that a possible conflict existed and proposed to withdraw as attorneys for each unless the parties wished to arrive at some satisfactory arrangement (FF 5, I:82-3). The parties, United and Cold Metal, expressed a desire to meet, and during May and June 1927 meetings were held (FF 5, I:83). Both applicants requested the Byrnes firm to continue and were advised that this would not be possible in the absence of an agreement (FF 5, I:83).

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* At that time Steckel was operating as an individual, making his first mill in the back end of a friend's garage in Youngstown. Cold Metal was formed in 1926 to commercialize Steckel's inventions and it operated as a small company, cold rolling steel and licensing the Steckel inventions to all comers until it was dissolved in 1945.

** United at that time was and since then has always been the largest mill builder in the world.

On June 20, 1927 Cold Metal and United entered into an agreement which is set forth as Appendix A (*infra* p. 31). Cold Metal entered into that agreement to avoid losing its attorneys, to obtain commercial assistance from United if Cold Metal ultimately secured a patent, and to secure to itself, without any conflict with United, the tension subject matter, which had been claimed continuously in the Steckel application and which was reserved to Cold Metal by the contract (II:399; III:488-90).

Immediately after the signing of the contract, Stebbins, for the first time, told the parties that the conflict in subject matter related to a 4-high anti-friction bearing mill; that the best plan of procedure was to go to the Patent Office, discuss the matter with the examiner and see if they could formulate claims to common subject matter in the Biggert application; that United's commercial success would impress the examiner with the importance of the invention; and that an allowance of substantial claims might be obtained (FF 6, I:84).

Although Cold Metal and United entered into the agreement, they were dealing, and continued to deal, with each other either at arm's length or in open hostility. Neither party was permitted to have access to the other's application, and each party required the Byrnes firm to represent it as if each of the applications was being prosecuted by separate law firms (FF 6-8, I:84-6). This is the manner in which the applications were handled. Cold Metal never got access to the Biggert application until after the Biggert patent issued and United never got access to the Steckel application until January 1929 (FF 6, I:84-85; II:63, 66; III:489, 585, 700).

At the time the contract was signed the parties were told that Steckel had an earlier filing date than Biggert, but neither dates of filing nor the respective dates of invention were disclosed to the parties (FF 6, I:84-5). The attorneys at that time did not even know the respective dates

of invention of Biggert and Steckel (II:118, 122-4, 50, 66; III:714-15; E:123, 124).

Following the conference on June 20, 1927 and pursuant to instructions from United, an interview was had with the examiners in the Patent Office for the purpose of formulating claims in the Biggert application (FF 6, I:85). Several amendments were filed and additional interviews were held and an allowance of the Biggert application was obtained (FF 7, I:85-6).

The Byrnes firm gave consideration to the payment of the final fee on the Biggert application and concluded that it could not disclose the claims allowed in the Biggert application to Steckel without violating its instructions from United and Cold Metal that it should proceed with each conflicting application as though it was in the hands of an independent law firm (FF 8, I:86). Consequently the Byrnes firm paid the final fee and the Biggert patent issued in due course, just as it would have done if the applications had been in the hands of independent law firms (FF 8, I:86).

During this time respondents knew that the Byrnes firm was attempting to formulate and obtain an allowance of claims based upon the Biggert case, but United did not permit Cold Metal to know what the disclosure was or what the claims were that were presented therein or whether they were of such nature that they could be embodied in the Steckel application (FF 9, I:86; III:490, 700, 585-6). The several steps taken in connection with the prosecution of the Biggert applications were taken without the knowledge of or any participation by respondents (FF 8, I:86, III:585-86).

During the prosecution of the Biggert applications oaths, as required by the patent statutes, were filed. While petitioner charges that those oaths were false or were filed with knowledge that the claims were ultimately to be given to Steckel irrespective of the question of inventorship, the

fact is and the evidence and findings below establish that those oaths were made in good faith, were believed to be true and correct when filed, that Biggert continued in that belief for many years thereafter (FF 7, I:86; II:70-1), and that there was no understanding that the claims were to go to Steckel unless they properly belonged to him (FF 8, 9, I:86).

Just prior to the agreement between United and Cold Metal an amendment to the Steckel application was made. This application was, therefore, awaiting action by the Patent Office during substantially the entire time between the date of the agreement and the issuance of the Biggert patent, and no effort was made to delay the Steckel application by the Byrnes firm during that period, as is inferred in the Petition (Pet. 9).

Neither Steckel nor Cold Metal ever had any interests in or rights under the Biggert patent.

Subsequent to the issuance of the Biggert patent, Steckel, for the first time, saw the claims which had been granted to United (FF 9, I:86). Steckel then told the Byrnes firm that those claims defined his invention. The Byrnes firm obtained an opinion from independent counsel that Steckel's disclosure supported 12 of the 13 claims, whereupon those 12 claims were copied into the Steckel application. The examiner decided that Steckel could make the claims and the interference was declared. The Byrnes firm had previously called to the attention of the Patent Office the possible conflict between the Biggert patent and the Steckel application (III:866-7).

Pursuant to the rules, the Patent Office, after the interference was declared, notified both parties that they were represented by the same attorneys (FF 9, I:87). The parties themselves, of course, had known this for some time. Neither party nor the attorneys up to this time had knowledge of which of the two parties, Biggert or Steckel, was in fact the first inventor (FF 9, I:87). Under the rules of

the Patent Office the next step in the interference would have been the filing of preliminary statements setting forth the respective dates of invention, but the Byrnes firm, on making inquiry of United, learned for the first time that Biggert's date of invention was not as early as Steckel's filing date, and hence preliminary statements were not filed on the advice of counsel (FF 9, I:87), as that would have been an idle step. The Patent Office, acting under its rules, awarded priority to Steckel on December 6, 1928 (B:58).

In January 1929, almost two years before patent '195 issued, United, realizing that Steckel was going to get the claims, adopted an openly hostile attitude toward Cold Metal. It released the Byrnes firm, retained other patent counsel, and asked Cold Metal to drop the entire project and suggested that both parties abandon all attempts to control this new mill by a patent. Failing this, United insisted that Cold Metal make a new contract with it on more favorable terms. Failing this, it threatened to go into the Patent Office in an effort to stop the issuance of any patent to Steckel. Cold Metal advised United to take any steps it wanted to take. This threat was carried out by the filing of a petition to reopen the interference on the ground that Steckel was not entitled to any of the claims which had been awarded to him in the interference. United filed not only a petition and two motions, but also an affidavit by Biggert which incorporated a complete copy of the 1927 Cold Metal-United contract. (FF 10, I:87-8; II:66; III:596-8, 715, 813-14; F:187, 188, 189; D:64, 66; B:59-87.)

These papers coupled with the Patent Office's files laid before the Patent Office the entire dealings between Cold Metal and United. Thus, the Patent Office, before it issued patent '195, knew the following:

(a) That the Byrnes firm had represented United in the prosecution of the Biggert applications and had also represented Cold Metal in the Steckel applications.

(b) That the conflict had been called to the attention of the parties by the Byrnes firm.

(c) The specific terms of the United-Cold Metal agreement of June 20, 1927 (Appendix A, *infra*, p. 31).

(d) That Biggert of United *claimed* that the plan referred to in the agreement involved the actual issuance of the patent to Biggert and the subsequent transfer of the claims to the Steckel application.

(e) That as a matter of fact the claims were not transferred to the Steckel application until after the Biggert patent had issued.

(f) That the interference was not contested on the advice of the Byrnes firm.

(g) That United did not see the Steckel application until after the time [redacted]peal from the adverse decision had elapsed.

(h) That when the Byrnes firm was replaced by other counsel for United in January, 1929 United was given a copy of the Steckel application for the first time.

(i) That Biggert in January, 1929 and October, 1930 after seeing the Steckel application still believed that many of the claims of the Biggert patent belonged to him, not Steckel, because he thought Steckel did not have the disclosure to support them.

(j) That the Byrnes firm had represented both United and Cold Metal in the interference and that this fact had been called to the attention of both by the Patent Office.

(k) That the petition and motions to reopen the interference proceedings had been filed by United in pursuance of a threat that if Cold Metal did not accede to United's demands or give assurance that

the Steckel patent would not be issued they would block Cold Metal in the Patent Office.

The letter from the Commissioner of Patents to the Byrnes firm, dated October 10, 1930 (Appendix B, *infra*, p. 34), shows on its face that the Commissioner himself had full knowledge of the important facts which are charged in the Complaint to have been fraudulently withheld from the Commissioner. That letter was not written to obtain *facts* but to enquire of the Byrnes firm *why* it had failed to call the attention of the Patent Office to the conflict so that steps could be taken to insure the issuance of only one patent.* On October 13, 1930 the Byrnes firm replied and explained to the Commissioner that in view of this duty owed to each of its clients it was impossible for it to follow any procedure other than that which it did follow because the two cases had to be prosecuted in the same fashion that they would have been if in the hands of separate attorneys. The Commissioner, being in possession of all of the facts and after receiving the explanatory letter, permitted the application to take its ordinary course, and patent '195 was duly issued.

Thus it will be seen that contrary to petitioner's contentions—

(a) there was no plan to first issue the Biggert patent and then transfer the claims to Steckel, irrespective of which party was the first inventor;

(b) there was no concealment of facts from the Patent Office;

(c) there never was any understanding that the claims obtained were to be transferred to Steckel unless they properly belonged to him—a matter which has

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* At that time, it will be remembered, only the Biggert patent had issued and the Commissioner had it within his power to see that no second patent issued. (See *infra*, pp. 24-5.)

been determined judicially in infringement litigation;*

(d) the Biggert and Johnson oaths were made in good faith and were believed to be true and the fundamental requirement of the statutes that a patent shall issue only to the first inventor was not disregarded or ignored; and

(e) there could have been no deception of the Patent Office because the Commissioner had full knowledge of the facts.

B. As to Patent '016.

As to this patent, petitioner charges that two affidavits filed by Dr. George L. Clark of the University of Illinois during the prosecution of this application were false, in that they incorrectly represented the character of the orientation of the crystallites in steel rolled on the Steckel mill as compared with the orientation in steels rolled on prior art mills. We shall not burden this Court with a statement of the extensive work done by Dr. Clark both before and after the issuance of patent '016, all of which fully supports the representations made to the Patent Office in the affidavits under attack. The District Court (FF 13-21; I:90-98, 103-104) made extensive findings on this subject and concluded that the representations which were made to the Patent Office, including counsel's arguments and the Clark affidavits "were, when considered in their entirety, true, and were reasonably believed by defendants to be true."

The Court of Appeals (I:281) held that the record supports the findings of the District Court, that Clark's statements "were believed by Clark to be true, and were, when

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* *Cold Metal Process Co. v. United Engineering & Foundry Co.*, 3 F. Supp. 120, 68 F. 2d 564 (C.C.A. 3), cert. denied, 291 U. S. 675; *Cold Metal Process Company v. Carnegie-Illinois Steel Corp.*, 108 F. 2d 322 (C.C.A. 3), cert. denied 309 U. S. 665.

considered in their entirety, true." The Court of Appeals also stated that the District Court (I:281) "was clearly correct in concluding that neither fraud nor mutual mistake of fact existed in the procurement of this patent."

The specific contentions now made by petitioner are discussed briefly, *infra*, pp. 20-30.

IV. PETITIONER'S "SPECIFICATION OF ERRORS TO BE URGED" CONTAINS NO SOUND REASON FOR GRANTING THE WRIT.

(Pet. 17-19.)

The thirteen specifications of errors to be urged by petitioner (Pet. 17-19) emphasize the fact that it is merely attempting to have another re-examination of the issues of fact.

Specifications Nos. **1, 2, 4, 5, 7 and 13** can be determined by this Court only upon a review of the evidence in its entirety.

No. 3. The Court of Appeals correctly stated that the Byrnes firm acted in strict accordance with the Sixth Canon of Ethics of the American Bar Association,* but its decision was not based thereon, as petitioner contends. Assuming, *arguendo*, that counsel had violated the Sixth Canon and thus had been guilty of some wrong to either of their clients, no cancellation of the patents would be warranted, because the Patent Office was fully advised of the facts and was not misled, *and the patent was awarded to the applicant who was actually entitled to it.* This is borne out by the Patent Office records, the correspondence with the Commissioner, the decision of the Patent Office in the interference proceeding, and the later decisions in vigorously contested infringement litigation in which the validity of the patents was upheld (I:281).

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* In January, 1933, Judge McVicar made a corresponding finding in litigation between Cold Metal and United; 3 F. Supp. 120; appeal dismissed 68 F. 2d 564; cert. den. 291 U. S. 675.

No. 6. The interrelation of patents '195 and '016 was wholly immaterial. Since there was no fraud or mutual mistake or any improper conduct in connection with either of the patents there was no occasion to determine what effect any possible interrelation between them might have. This specification, like Nos. 1, 2, 4, 5, 7 and 13 can be determined only upon a review of the entire evidence, and hence furnishes no basis for granting certiorari.

No. 8. Although the Complaint is based on charges of fraud, petitioner seems to assert that it should have been entitled to prevail on proof of some nebulous facts falling short of "common law fraud." Irrespective of the terminology used or the standards applied, the fact is that petitioner failed to prove that a fraud of any kind was perpetrated on the Patent Office. The courts below considered the very cases on which petitioner relies here as stating the standards of conduct for dealing with the Patent Office, and held that the Patent Office was fully advised and not misled in any way by respondents.

No. 9. Since both of the lower courts held that the Biggert and Johnson oaths were made in good faith and believed to be true (FF 7, I:86, 282), it is wholly immaterial whether such oaths were of a routine or an essential character. And see *infra* pp. 21-2, 26-7.

No. 10. In view of petitioner's concession in the Court of Appeals* that "The condition of preferred orientation of the grain structure is regarded as less desirable in that it limits the amount of cold rolling that may be done without reheating (intermediate annealing) of the metal." it was vitally important for the Court to consider the extraordinary success of patent '016. That success was attributable in substantial part to the fact that it had practically eliminated intermediate annealing in the cold rolling of steel and other metals. Since, by petitioner's admission,

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* Petitioner's brief in Circuit Court of Appeals, p. 126.

this intermediate annealing could be eliminated only by retarding the appearance of preferred orientation, the commercial success of the invention was important in establishing the greater amount of random orientation in the product of the Steckel mill, which was exactly what the patent claimed and what petitioner attacked.

Nos. 11 and 12. Neither of the lower courts held or intimated that petitioner was barred either by laches or estoppel. The observations of the lower courts to which petitioner refers arose from the fact that counsel for petitioner was actively assisted in the trial court by counsel for various large corporations which were trying to discredit or annul the Steckel patents. These assisting counsel represented among others Bethlehem Steel Corporation,* Republic Steel Corporation, The Youngstown Sheet & Tube Company,* American Rolling Mill Company,* Wheeling Steel Corporation,* McLouth Steel Corporation, United Engineering & Foundry Co., the largest builder of rolling mills in the world, and E. W. Bliss Company, another large builder of rolling mills (III:734-5, IV:1257). The District Court found in this cooperative arrangement between petitioner and these large corporations a possible explanation as to why petitioner delayed so long in bringing suit after it was fully advised of all the facts. Thus the District Court said (I:101-2):

> "In the eventual prosecution of this action several of the patent attorneys for companies very much interested in having the patents declared invalid were in continual attendance upon the trial, and while not attorneys of record for the plaintiff, yet continuously aided and assisted the attorneys for the plaintiff in

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* After the decision of the District Court below, Bethlehem Steel Corporation, The Youngstown Sheet & Tube Co., American Rolling Mill Co. and Wheeling Steel Corporation entered into agreements settling the claims against them for past infringements of the two patents here involved and some twenty-three other patents (see *infra*, pp. 29-30).

> the preparation and actual trial of the case. Their interest in the case was a proper one, but at the same time it possibly helps explain the bringing of this action after so long a delay and only after unsuccessful efforts to have the patent declared invalid in previous litigation, leaving this type of action as a last hope. If the Government was as strongly convinced that these patents were procured by fraud as is now urged in this case, there has been no adequate explanation of why this action was so long delayed."

As to the same subject, the Court of Appeals said (I:283):

> "Both patents have now expired. If, as significantly found by the District Court, the Government was as strongly convinced that these patents were procured by fraud as is now urged, there is no adequate explanation why the present suit to cancel the patents was not filed until some thirteen years after all of the facts were fully revealed to the Patent Office."

Thus it is clear that no holding was made as to laches and estoppel, but the long delay and the vigorous cooperation of those powerful interests primarily concerned in the destruction of the patents for their own selfish ends seems to have created substantial doubt as to the good faith of the prosecution.

We submit that none of petitioner's specifications furnishes any basis for granting certiorari.

V. PETITIONER'S "REASONS FOR GRANTING THE WRIT" IGNORE CONTROLLING FACTS AND ARE WITHOUT MERIT.

What has already been stated is dispositive of petitioner's contention that the writ should be granted; but for the sake of completeness, we shall discuss briefly several of the specific arguments advanced in the petition as reasons for granting the writ (Pet. 19-26).

A. Reasons 1, 2, 3(a) and 4.
(Pet. 19-30, 31-2.)

(1) *The Patent Office Was Not Misled.*

Petitioner would have this Court believe that the Commissioner issued patent '195 in ignorance of the true facts. This charge is repeated in many forms (Pet. 9, 12, 16, 20, 21, 23, 26, 29). These assertions are incorrect. As we have shown, the District Court found (I:102-3) on the basis of undisputed evidence that the Patent Office "was not in ignorance of the true facts" before patent '195 issued. The Court of Appeals held (I:282-283) that the Commissioner of Patents was fully informed, that "he could not have been misled," that the parties did not enter into any plan to deceive the Patent Office, that no perjury was committed in the Patent Office, that no misrepresentations were made to the Commissioner, and that the essential acts and relationship of the parties were known to the Patent Office before patent '195 issued. These holdings are fully supported by the record and demonstrate the unsoundness of petitioner's contentions.

(2) *There Was No Plan to Circumvent the Statutory Requirements.*

The petition asserts (p. 9) that the Biggert and Johnson oaths were filed "despite the arrangement" that the claims sought were ultimately to be transferred to Steckel and (pp. 27-8) that these oaths were false or were filed in disregard of the statutory requirement that a patent shall issue only to the first inventor. These assertions are contrary to the evidence and the findings below.

As to these oaths, the District Court stated (I:86):

> "* * * The assertions contained in the oaths were made in good faith in accordance with the routine procedure of the Patent Office necessary to continue the prosecution of their applications and were believed in by affiants at the time they were made. * * *."

The Court of Appeals stated (I:282):

> "* * * No perjury was committed in the proceedings before the Patent Office, * * *."

That the oaths were not filed in disregard of the statutory requirements is shown by the uncontradicted testimony that: (a) at the time there was no understanding that Steckel in all events was to get the claims; (b) the fact as to priority of invention was not known but was inquired into at the proper time, i.e., when the interference was declared; and, (c) Steckel was then determined to be the first inventor of all the claims copied into his application. On this point the District Court found (FF 9, I:87):

> "* * * When the interference was declared, defendants and Biggert were notified by the Patent Office that the interference had been set up and that they were represented by the same attorneys. The Byrnes firm then communicated with United and ascertained that Biggert and Johnson's conception date was not as early as Steckel's filing date, and, consequently advised both parties against the filing of preliminary statements. * * *"

The contract of June 20, 1927 shows on its face that there was no agreement as to who would ultimately get the claims. It says: "*When and if* such claim or claims to common subject matter" are granted to Steckel, United would get a license (Appendix A, *infra*, p. 32). This is a far cry from a definite arrangement that Steckel would get the claims.

The evidence as to the dealings of the parties also belies petitioner's position. Throughout the whole period the parties were dealing at arm's length or in open hostility (FF 6, 8, 9, 10; I:84-8). When United found that it could not retain the claims and that they were going to Cold Metal, it tried to get Cold Metal to drop all efforts to obtain a patent, adopted an openly hostile attitude

toward Cold Metal, insisted upon a revised, more favorable contract, and, failing this, did everything it could do to stop Cold Metal from getting the claims (I:87-8; II:66; III:596-8, 715, 813-14; F:187, 188, 189; D:64, 66; and B:59-87). That controversy has raged continuously since that time. United has directly and indirectly attacked the patent in litigation and has assisted the petitioner in the trial of this case.

(3) *There Was No Extension of the Patent Monopoly.*

The petition asserts (p. 29) that as a result of the plan and its "concealment" the Patent Office was persuaded, contrary to the requirement "that only one patent issue on common subject matter and then only to the original and first inventor," to issue two patents with the further consequence that the monopoly was expanded to a period of 20 years. This contention is without substance. The evidence shows, and the courts below found, that the applications were handled in the same way that they would have been handled had they been in the hands of separate attorneys and that the same result would have followed, namely, the issuance of the Biggert patent and the subsequent issuance of the Steckel patent (FF8, I:86). Patent Office procedure contemplates interferences between pending applications and issued patents. Ordinarily when a pending application prevails over an issued patent in an interference it results in the issuance of two patents. The prevalence of this practice is shown by the Official Gazette of the Patent Office of January 15, 1929—the issue which announced the decision in favor of Cold Metal and against Biggert (DX4, F:66). In this one publication, covering a period of only one week, there were adverse decisions in interference proceedings with respect to six patents that had previously issued. Thus, pending applications had been accorded priority over six issued patents.

In the present case, the Commissioner had it within his power to refuse to grant the Steckel patent and thus avoid the granting of two patents, for only one had issued when he became fully aware of all the facts; but in the exercise of his judgment he proceeded to grant the Steckel patent.

(4) *The Correspondence With the Commissioner Furnished No Basis for a Charge of Fraud.*

The petition states that the letter of explanation dated October 13, 1930 (Appendix B, *infra*, p. 35) contained false representations which were relied on by the Commissioner in granting patent '195 (Pet. 11-12, 29). This is incorrect, and the courts below so held. The Court of Appeals held (I:282):

> "• • • Nor, as found by the District Court, were the facts misrepresented to the Commissioner or his examiners, • • •. The essential acts and relationship of the parties were known to the Patent Office before patent 1,779,195 was issued."

Petitioner attacks the explanation in this letter (Appendix B, *infra*, p. 38) that "It was not our plan to get the claims issued in Biggert and Johnson and then transfer them to Steckel." and that it was never their intention "deliberately to take out claims in Biggert and Johnson simply with the idea of later transferring them to Steckel." The correctness of these explanations is apparent from the record, including the letter itself. The Commissioner knew, of course, what had actually occurred. The applications were handled as they were, not for the purpose of transferring the claims to Steckel after first getting them in the Biggert patent, but to do justice to each applicant. The course adopted was the only one which could be followed by the Byrnes firm pursuant to the agreement of the parties that it was to represent each as though it was represented by separate counsel.

(5) *The Commissioner Was Not Rendered Powerless to Reject the Steckel Application.*

Petitioner asserts that by issuing the Biggert patent the Patent Office was "rendered powerless to recall its grant or to take the position that the [claims] were unpatentable" (Pet. 9). While Congress has never seen fit to provide for recalling a patent such as Biggert's, the statutes provide for interference between applications and patents, and when the application prevails and whether or not a second patent is granted, such a cloud has been thrown over the issued patent as to nullify it. Moreover, the Commissioner, in the absence of an interference, can grant a second patent and the conflict can then be disposed of under R. S. 4918 (35 U. S. C. A. 66).

The Commissioner at any time before a patent is granted can reject the claims *as unpatentable* even though one or more patents have already been granted containing the same claims.

> *In re Engelhardt*, 40 F. (2d) 760 (C. C. P. A., 1930);
> *In re Orcutt*, 32 App. D. C. 345 (C. A. D. C. 1909).

Patent Office Rule 95 specifically provided and still provides *inter alia*; 35 U. S. C. A., p. 730:

> "In case the subject matter in controversy has been patented to one of the parties but is deemed by the examiner not to be patentable to an applicant, he shall call the case to the attention of the Commissioner."

Petitioner's witness, Ex-Commissioner Robertson, testified that he could have refused to grant the Steckel patent even after Steckel prevailed in the interference (II:243).

(6) *The Letter of the Present Commissioner of Patents Dated February 13, 1948 Supplies No Sound Reason for the Allowance of the Writ.*

(Pet. 37-40.)

The Commissioner's letter forms no part of the record in this case. Its author took office late in 1947 and can have no direct knowledge of the facts. The letter is predicated on the statement (Pet. 37-8) "As I understand the facts as found, there was concealment and misrepresentation of many pertinent facts relative to the prosecution of the applications for these patents"; an "understanding" directly contrary to "the facts as found" by both courts below.

The Commissioner complains (Pet. 38) of the "underlying circumstance that conflicting applications were prosecuted by a single firm of attorneys representing both applicants," but he has not pointed out that Patent Office Rule 96 (35 U. S. C. A. §§ 47-88, p. 731) specifically contemplates such a situation and does not forbid it.* Rule 96 was in force twenty years ago when the Steckel and Biggert applications were before the Patent Office. Although the facts were known to Commissioner Robertson before he issued the Steckel patent, he made no change in the rule. It remained unchanged through two successive Commissionerships, and the present Commissioner has not changed it. If the Patent Office apprehends that Rule 96 affects its operations adversely, it is only necessary for it to amend the Rule. No decision of this Court instructing it to change its practices is necessary or appropriate; 35 U. S. C. A. Sec. 6.

The Commissioner expresses concern with the language of the District Court in respect of the statutory oaths required by the Patent Office. No reason for concern ex-

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* The second paragraph of Rule 96 of the Patent Office reads as follows, 35 U. S. C. A. § § 47-88, p. 731:

> "Whenever it shall be found that two or more parties whose interests are in conflict are represented by the same attorney or agent, the examiner shall notify each of said principal parties and also the attorney or agent of this fact."

ists. The language complained of arose out of answers given by ex-Commissioner Robertson in answer to questions by the Court (II:227-8) and stands for no more than that the oaths filed by *Biggert and Johnson* were not relied on by the Patent Office as stating the correct facts in the ultimate allowance of the *Steckel* patent. In this connection see particularly the cross-examination of ex-Commissioner Robertson (II:225-7). Moreover, the District Court found the Biggert and Johnson oaths were "made in good faith" and "were believed in by the affiants at the time they were made." Surely a finding of this sort does not warrant apprehension on the part of the present Commissioner that other applicants for patents will conclude that they are justified in filing oaths other than in good faith.

B. Reason No. 3(b).
(Pet. 30-31.)

This alleged reason relates only to the X-ray subject matter of patent '016. Petitioner has attacked the two affidavits made by Dr. Clark and filed in the Patent Office, on the ground that they were false. Petitioner admits that there was evidence in Dr. Clark's correspondence to substantiate the affidavits (Pet. 30), but states that the letters of Dr. Clark dated May 7, July 15, and September 9, 1929 and the report of Dr. Blake contradict the affidavits and, as these four items were not brought to the attention of the Patent Office, respondents "breached the uncompromising duty of full disclosure to the Patent Office." (Pet. 31).

Petitioner's position apparently is that although the overwhelming volume of the evidence (approximately 1500 pages of reports and correspondence) in Cold Metal's hands had convinced it of the soundness of the X-ray claims, which were in fact sound, Cold Metal was nevertheless under the duty to submit all apparently adverse evidence (approximately 10 pages of reports and correspondence) in its possession, no matter how preliminary or fragmen-

tary or contrary to the final opinion reached. If petitioner's contention has any merit, then the entire 1500 pages of documentary material should have been submitted to permit the Patent Office to arrive at its own conclusion, and not simply the four isolated items selected by petitioner out of this mass of material.

The issue decided by the District Court turned upon a question of scientific and highly technical fact—whether the Steckel process delayed the appearance of preferred orientation in the cold rolled product of the Steckel mills. Expert witnesses testified for both parties and the practical demonstration of the success of the Steckel process was an important factor in the decision.

It is clear that neither of the lower courts felt justified in putting any reliance on petitioner's expert witnesses (I:103, 281). Both of the lower courts found that the Steckel process does delay the formation of preferred orientation as claimed in the patent. This was a question of fact which the trial court who saw the witnesses and heard them testify was peculiarly fitted to determine. The Court of Appeals affirmed the judgment of the District Court on this question holding specifically, as did the District Court, that the statements in the Clark affidavits which petitioner attacks "were believed by Clark to be true, and were, when considered in their entirety, true."

We submit that petitioner's request to review this question of fact furnishes no basis for granting certiorari, see cases cited, *supra* (pp. 3-4).

C. Reason No. 5.

(Pet. 32-4.)

Here again petitioner asserts that the courts below "ignored the paramount public interest in patents" and failed to share in the judicial concern for protecting the public manifested by this Court in the *Hazel-Atlas* and *Precision Instrument* cases (Pet. 33-4). This assertion is

grossly unfair to the lower courts for the reasons already stated (*supra* pp. 4-6).

D. Reason No. 6.

(Pet. 34-6.)

Petitioner asserts that the disposition of about $10,000,000 paid into the registry of the Court in this case and $5,000,000 paid into the registry of the Court* in *United States v. Thomas Steel Corp. et al.*, "depends upon whether the patents are held to have been fraudulently procured," and that in the *Thomas Steel* case the defendants have "largely conceded" the Government's right to the major portion of the impounded fund if the patents are cancelled for fraud. These assertions are incorrect and are unsupported by anything in the record.

The funds paid into the registry in this case were paid by a number of steel manufacturers (I:171) in settlement of claims for past infringement of *twenty-five* patents including the two involved here (I:158-159). Sometime subsequent to the District Court's decision, and while this case was on appeal, the infringers,** voluntarily, with full knowledge of the pendency of this case, paid this money into Court. The settlement agreements refer specifically to this case (I:160-161) and provide for the payment of the sums agreed upon into the registry of the Court (I:162-3). They provide for future licenses to the manufacturers under all of the patents and the payment of future royalties. Moreover, each expressly states that the payment for past infringement is "unconditional" and that the manufacturer "hereby waives all claims to the

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* These sums represent but a small fraction of the savings by the use of the Steckel inventions. As compared with old processes the manufacturing savings may be 20% to 50% or more of the cost. *The Cold Metal Process Co. v. The United Engineering & Foundry Co.*, 3 F. Supp. 120, 124; *The Cold Metal Process Co. v. Carnegie-Illinois Steel Corp.*, 108 F. (2d) 322, 329.

** Counsel for most of these infringers assisted petitioner during the trial of this case.

return of the sum so paid or any part thereof *under any* condition whatsoever" (I:164). In other words, they agreed that regardless of the outcome of this case the sums so paid should go to respondents. Hence, the ultimate disposition of this case will have no bearing on such sum.

As to the funds in the registry of the court in the *Thomas* case, approximately $1,000,000 was paid by Allegheny-Ludlum Steel Co. and Wallingford Steel Co. for past infringement. Those payments by Allegheny and Wallingford are in the same category as the $10,000,000 mentioned above and were made under the same large group of patents and under the same conditions. Hence the disposition of this case cannot affect such sums.

The remaining sum on deposit in the *Thomas* case represents royalties payable to respondents under lawful license agreements involving many other patents in addition to the patents in suit here. Those royalties were tied up by petitioner under the Royalty Adjustment Act (35 U. S. C. A. 89-96). That controversy remains undecided. Contrary to the petition (p. 35) *not one* of the licensee-defendants has conceded that petitioner has *any* right to *any* of the sums paid into court even if the patents be cancelled.

VI. CONCLUSION.

We respectfully submit that the petition should be denied.

Respectfully submitted,

CLARENCE B. ZEWADSKI,
FRANKLIN B. POWERS,
HOWARD F. BURNS,
Attorneys for Defendants-Appellees.

March 29th, 1948.

WHITTEMORE, HULBERT & BELKNAP,
MANCHESTER, BENNETT, POWERS & ULLMAN,
BAKER, HOSTETLER & PATTERSON,
Of Counsel.

APPENDIX A.

Agreement, June 20, 1927 between The Cold Metal Process Co. and United Engineering & Foundry Co. (United Ex. 98, United Rec. p. 1779). (PX 42, D:19-21.)

THIS AGREEMENT

Made at Pittsburgh, Pennsylvania, this 20th day of June 1927, by and between THE COLD METAL PROCESS COMPANY, an Ohio Corporation, of Youngstown, Ohio, hereinafter called "Cold Metals," and UNITED ENGINEERING & FOUNDRY COMPANY, a Pennsylvania Corporation, of Pittsburgh, Pennsylvania, hereinafter called "United," WITNESSETH THAT:

WHEREAS, both parties own certain applications pending in the United States Patent Office relating to 4-high rolling mills and the rolling of thin material; and

WHEREAS, it has been suggested to the parties by their attorneys that it may be possible to secure claims to a certain subject-matter common to both parties' applications;

NOW THEREFORE, in consideration of the sum of one dollar ($1.00) and other good and valuable consideration paid by each party to the other party, the receipt of which is hereby acknowledged, and in further consideration of the mutual covenants hereinafter contained, the parties hereto agree for themselves, their successors and assigns, as follows:

1. The parties will, through their appropriate officers, immediately hold a conference at which their patent attorneys, Byrnes, Stebbins & Parmelee, shall be authorized by both parties to suggest claims covering certain subject-matter common to both parties' applications, and which it is understood are not at the present time being presented in Cold Metals' applications; together with a plan for securing the allowance of such claims;

2. Cold Metals shall not after such conference present in its applications claims of the scope suggested at the conference, or directed to the subject-matter common to both parties' applications, if such claims are broader or of different scope than the

claims now presented in Cold Metals' applications, except with the agreement and cooperation of United.

3. When and if such claim or claims to common subject-matter are granted in any patent issued on Cold Metals' applications, Cold Metals shall grant to United a license to make, use and sell rolling mills under such claim or claims, which license shall be exclusive to United for 4-high hot mills and for 4-high cold mills in which the major portion of the power required by a roll stand is supplied to the rolls directly and not through tension exerted on the material for pulling it through the rolls; Cold Metals, however, reserving the right to make or have made for its own use and to use in its own plant or plants such hot and cold mills, *and provided further that Cold Metal shall have the right to make use and sell or to license others to make use or sell such 4-high hot mills in combination with means for coiling the rolled strip between passes as described in the pending application of A. P. Steckel Serial #198915 filed June 15, 1927.**

Inserted before completion of execution and delivery.

F. C. B.
A. P. S.*

4. Immediately after such conference and without waiting for such claims to be secured, the parties shall negotiate the payment to be made by United to Cold Metals for such license, when and if granted. If the parties cannot agree upon such payment, the matter shall be submitted to three arbitrators, whose majority decision shall be accepted as final by both parties. The three arbitrators shall be as follows:

Marshall A. Christy, of Pittsburgh, Pa.
Rollin C. Steese, of Youngstown, Ohio,
Charles H. Booth, of Youngstown, Ohio.

In case any of the arbitrators cannot serve, another or other arbitrators may be selected by the

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* PRINTER'S NOTE: Italicized matter was added in longhand. Boldface matter is a marginal note in longhand.

parties, but in case the parties cannot agree on such substitute arbitrator or arbitrators, then the above named arbitrators shall select the substitute arbitrator or arbitrators.

In Witness Whereof, the parties hereto have caused this agreement to be signed, sealed and delivered as of the day and year first above written.

The Cold Metal Process Company
By A. P. Steckel,
Pres.

Attest:
W. H. Kilcawley,
Secretary.

United Engineering & Foundry Company
By F. C. Biggert Jr.,
Pres.

Attest:
Chas. C. Satler,
Secretary.

APPENDIX B.

Letter, October 10, 1930, Thomas E. Robertson, Commissioner, to Byrnes, Stebbins, Parmelee & Blenko (DX 5, F:67).

Address Only
The Commissioner of Patents
Washington, D. C.

281002
EMG

DEPARTMENT OF COMMERCE
UNITED STATES PATENT OFFICE
Washington

October 10, 1930.

Messrs. Byrnes, Stebbins, Parmelee & Blenko,
P. O. Box 1020,
Pittsburgh, Pa.

Gentlemen:

According to the petition recently filed to reopen the interference of Biggert and Johnson v. Steckel and the affidavits filed in support thereof, you appeared as attorneys for both parties, you prosecuted the Biggert and Johnson application to allowance and after the patent issued thereon copied claims therefrom in the Steckel application and took a judgment by default in the interference declared between these two parties.

The records of this Office indicate that no claims were presented in the Steckel application during the pendency of the Biggert and Johnson application which would have justified the examiner in suggesting the claims of the latter to the party Steckel.

In other words, while acting as attorneys for both parties, you not only made no suggestion that there was a possible conflict between these two applications, but prosecuted them in such a way as to lead the examiner, naturally, to infer that there was no conflict between them.

Is it not clearly the duty of any attorney, if circumstances can be such as to justify his representing applicants having conflicting applications, to call attention to that conflict promptly so that proper steps can be taken by this Office to insure the issuance of only one patent and that to the proper party?

Yours truly,

THOMAS E. ROBERTSON
Commissioner.

Letter, October 13, 1930, Byrnes, Stebbins, Parmelee & Blenko to Hon. Commissioner of Patents (DX 6A, F:68-72).

BYRNES, STEBBINS, PARMELEE & BLENKO
(Formerly Bakewell, Byrnes & Stebbins)
Counsellors at Law in Patent
and Trade Mark Causes

October 13, 1930.

Telephone 1609 Atlantic
Farmers Bank Building
Pittsburgh

Clarence P. Byrnes
George E. Stebbins
Earle L. Parmelee
Walter J. Blenko

47

William H. Parmelee
Bruce G. Mackey
Herbert C. Kimball
J. Wallace Hopkins
Edward Hoopes III
Barnwell R. King
William H. Webb

Commissioner
Oct. 14, 1930
of Patents

Hon. Commissioner of Patents,
Washington, D. C.

For the Personal Attention of
Hon. Thomas E. Robertson

Sir:

This is in answer to your letter dated October 10, 1930, inquiring as to our acts while representing the parties prior to and during the interference of Biggert and Johnson v. Steckel. The facts were such that it was impossible for us to follow any procedure other than that which we did follow.

The Steckel application was filed in 1923. As originally filed it contained claims to the mill structure. The Biggert and Johnson case did not come into our office until some years later and it was first handled by another member of our organization who was devoting a great deal of time to the work of the United Engineering and Foundry

Company and who did not know of the presence of the Steckel case in our office. This of course is a situation which is likely to arise in any large office.

The conflict was not discovered until after an action on the merits in the Biggert and Johnson case. We had been handling the work of both parties for some years and had become conversant with their general lines of work before this conflict arose. We were then in this position:— We could not [2] reveal to either party the subject matter of the conflicting case. We could not wash our hands of the responsibility which we had assumed as to each client, particularly in view of the large amount of time which we had already spent with each client on its work. Neither could we revise either case in the light which was given from our knowledge of the other.

We had two alternatives. We might have dropped out of both cases, but could hardly do this in fairness to either party in view of the amount of time already spent, unless they were willing that we do so. The alternative was to suggest the bare fact of a conflict to the parties and recommend that they get together.

We first took the matter up with the parties, suggesting the possible conflict but not revealing the identity of the other party. Both were willing that they should meet to discuss the situation. The meeting was held and the business arrangement was made by the parties directly. We had nothing to do with the business arrangement. We were specifically requested by each party to continue the prosecution of its case. Neither party wanted us to drop out.

The Biggert and Johnson mill had at that time the greater commercial success and the opinion of the public as to the inventive character of the advance was centered at that time on Biggert and Johnson. This is evidenced by the reference to trade journals made during the prosecution of [3] the Biggert and Johnson case. The United Engineering and Foundry Company was extremely anxious to get the patent issued in view of its commercial operations. We were repeatedly instructed both by Mr. Biggert, the then President of the Company, and Mr. I. W. Frank, the Chairman of the Executive Committee, that we must do everything to speed the prosecution of the case and the issuance of the patent. In fact, Mr. Biggert and Mr. Frank

both personally attended the interview with the Patent Office Examiner which was had in the case when the patentability of the claims was discussed.

When the Biggert and Johnson application was allowed, we were specifically instructed by United Engineering and Foundry Company to pay the final fee and issue the patent as quickly as possible.

It was our understanding at that time, and this is borne out by your letter of October 10th, that the present attitude of the Patent Office toward conflicting cases is that there shall be no interference declared despite the existence of common subject matter unless both parties are claiming substantially the same thing at the same time. This we understand is a departure from the Office practice of former years.

In view of this practice of the Office it was clear to us that had either of the cases been filed through any other attorney the Biggert and Johnson patent would have issued in due course, just as occurred. We saw, too, that had we dropped out of both cases the same thing would have happened. We felt that we must prosecute the two cases in exactly the same fashion that they would have been handled had they been in the hands of [4] separate attorneys. Even after the agreement was executed we did not disclose the application of either party to the other, but postponed this until the time when such information would have been available had the cases been in the hands of separate attorneys. Prior to the issue of Biggert and Johnson we were not at liberty to discuss with Steckel the language of the Biggert and Johnson claims, nor were we at liberty to disclose to Biggert and Johnson the subject matter of Steckel. The business arrangement hinged upon Steckel obtaining claims on subject matter common to the two cases—not on his obtaining claims of the same wording—and no royalty was to be paid unless and until Steckel obtained claims to common subject matter.

If the Patent Office had followed the old practice it would have declared an interference on its own motion. We could not transfer the claims from Biggert and Johnson into Steckel or treat the Biggert and Johnson applica-

*not since 1904

* The words "not since 1904" appeared in longhand in the margin of the original letter a photostat of which was produced from the Commissioner's office.

tion any differently than it would have been treated by any other attorney who did not have the Steckel case in his office. It seemed clear to us that we ought not do anything to hold up the issuance of Biggert and Johnson when we were instructed by United Engineering and Foundry Company to take the patent out at the earliest possible moment, and when we further knew that this was exactly what would have happened if it had not been for the accident of the two cases being with the same firm of attorneys.

[5] The petition which was filed in the attempt to reopen the interference did not correctly state the facts. It was not our plan to get the claims issued in Biggert and Johnson and then transfer them to Steckel. On the contrary, it was our thought that Steckel by reason of his broader disclosure and earlier filing date would probably want claims couched in broader terms than those of Biggert and Johnson. We felt that when the Biggert and Johnson patent issued the essence of the invention could then be pointed out to Steckel and he could advise us of what he deemed to be his invention along these lines. In this respect the situation was exactly the same as that which arises every day in practice before the Office. In fact, since the Office adopted its present attitude of refusing to declare interferences between cases of common subject matter, but limiting interferences to those cases claiming substantially the same thing at the same time, we have been forced, in justice to our clients, to impose upon all of the men in our organization the burden of examining each patent in the Official Gazette for the purpose of determining whether or not there is a conflict between an issued patent and any pending applications which he may have.

When Biggert and Johnson issued and Steckel saw the claims he instructed us to copy them and there was no recourse but to follow his instructions. It was never our intention deliberately to take out claims in Biggert and Johnson simply with the idea of later transferring them to Steckel, but we could not in fairness to either party give him an advantage which he would not have enjoyed or put him at a disadvantage which he would not have suffered had the cases been in the hands [6] of separate attorneys. If they had been in the hands of separate attorneys the Biggert and Johnson patent would have issued promptly, as it did, and United Engineering and Foundry Company

would have had the claims. If we had brought pressure to bear upon United Engineering and Foundry Company to disclose the Biggert and Johnson claims to Steckel and thereby had provoked an interference before the issue of the Biggert and Johnson patent, we would have obviously been placing the United Engineering and Foundry Company in a worse position than it would have been had it had another attorney. As matters now stand, the United Engineering and Foundry Company has the Biggert and Johnson patent. If any question is ever raised in the future and it should ever be decided that even a single claim taken out of Biggert and Johnson could not be sustained in Steckel, then there would have been a loss of this claim to both parties. The United Engineering and Foundry Company now has the claims and if it should be held that such claims are not properly made by Steckel, the United Engineering and Foundry Company has preserved all of its rights in such claims and is exactly in the position as it would have been had the cases been in the hands of separate attorneys.

On the above facts it seemed to us clear that our duty was to handle the cases in exactly the fashion we did. We did not feel obligated to suggest an interference when we had no way of knowing whether Steckel was going to assert his right to the identical claims and when the Patent Office had established the practice of refusing to declare interferences except on the basis of substantial identity between [7] claims. If there had been an obligation upon us to call the attention of the Office to the possible conflict, such obligation would not have been terminated by our dropping out of the cases. Yet it is obvious that had we dropped out of both cases it would have been highly improper for us to have invited the attention of the Office to the situation. The most that we could do for the parties was to advise them of a possible conflict and to suggest that they come to an arrangement in the event of such conflict. The Office undoubtedly knew at the time that it allowed the Biggert and Johnson application of the *possibility* of a conflict, but under its present practice refused to act. We felt throughout the handling of the cases, and still feel, that we pursued the only honorable course open to us.

Very truly yours,

BYRNES, STEBBINS, PARMELEE & BLENKO

In the Supreme Court of the United States

OCTOBER TERM, 1947

No. 663

UNITED STATES OF AMERICA, PETITIONER

v.

THE COLD METAL PROCESS COMPANY, ABRAM P. STECKEL AND THE UNION NATIONAL BANK OF YOUNGSTOWN, OHIO, TRUSTEE OF THE LEON A. BEEGHLY FUND

PETITION FOR REHEARING OF ORDER DENYING PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT

The petition for writ of certiorari herein was denied on May 3, 1948. The vital importance of this case to the public interest, and to the establishment and enforcement of standards of honest dealing with the Patent Office on the part of applicants for patents and their attorneys, compels the Solicitor General reluctantly to depart from his general policy of not burdening this Court with petitions for rehearing and respectfully to pray that this Court grant rehearing of its order denying review of this case and permit certiorari to issue in accordance with the petition filed March 8, 1948.

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GROUNDS OF MOTION

1. This is the only occasion when the issues here presented can ever reach this Court with an opportunity for it to compel full relief in the public interest.

2. The importance of the issues presented, to the Patent Office, to other courts and to many litigants, particularly in view of ground 1 above, requires affirmative disposition of this case by this Court and should not, through its silence, be settled by a Circuit Court of Appeals.

Before discussing these questions we wish to comment briefly on respondents' insistence that the issues in this case are purely factual. The petition for certiorari accepts the facts as found (but not the inferences drawn therefrom) and raises the question whether the conduct so found constitutes fraud on the Patent Office. That is not merely a factual question but depends upon the principles of law which the court should apply to the facts as found. It is because the decision below applies a lax standard to undisputed facts that we regarded its significance as extending beyond the facts of the case and sufficient to warrant further review.

1. In patent infringement suits this Court generally does not grant certiorari unless a conflict of decisions exists with respect to the particular patent involved. But even in such cases it has been recognized that if litigation is concentrated

in a single circuit, so that conflict is unlikely, it may be appropriate to grant the writ when important patents are involved. This Court has expressly held that such a showing is sufficient to warrant the granting of a rehearing and of the writ after denial of the petition for certiorari. *Schriber-Schroth Co.* v. *Cleveland Trust Co.*, 305 U. S. 47, 50, referred to specifically in Rule 33, as amended; *Muncie Gear Works* v. *Outboard Co.*, 315 U. S. 759, 765–766.

There are two reasons why this principle applies here. In the first place, this is not a suit between a patentee and its allegedly infringing competitors, but is a sovereign action to cancel the patents *ab initio*, brought by the only party empowered to institute such proceedings, the United States. Although a judgment of cancellation at the instance of the United States would dispose of all private litigation involving these patents, the converse is not true. For cancellation *ab initio* for fraud means that the patentee can be compelled to return all royalties fraudulently derived from the patent. (*United States* v. *Hartford Empire Co.*, 73 F. Supp. 979 (D. Del.)). A successful defense to a suit for infringement, however, means merely that the patentee cannot collect additional royalties which the alleged infringer has refused to pay. Only in a cancellation suit in which the public interest is squarely represented does the court speak with finality as to the status of the patent

and only in such a case can the court grant the relief of cancellation *ab initio* required by the public interest if in fact the patents have been procured by fraud. As this Court recently stated in *Hazel-Atlas Co.* v. *Hartford Empire Co.*, 322 U. S. 238, 251:

> To grant full protection to the public against a patent obtained by fraud, that patent must be vacated. It has previously been decided that such a remedy is not available in infringement proceedings, but can only be ~~accommodated~~ accomplished in a direct proceeding brought by the Government.

In the second place, the bulk of the private litigation involving the patents here in issue lies in the Sixth Circuit. Of the alleged suits for infringement brought by respondent and presently pending, six, against Aluminum Company of America, Ford Motor Co., Republic Steel Corp., Detroit Steel Company, Greer Steel Co., and Bopp Steel Co., are in the Sixth Circuit; two, against Superior Steel Co. and Universal-Cyclops Steel Co., in the Third Circuit; two, against Acme Steel Co. and Granite City Steel Co., in the Seventh Circuit; and one, against the Thompson Wire Co., in the First Circuit. The damages claimed in the Sixth Circuit cases exceed by many times the total involved in all the other cases. Certainly in the cases in the Sixth Circuit the decision here will be controlling. In cases of this magnitude, moreover, there is a considerable pos-

sibility that the other courts may well be guided by the decision of the Sixth Circuit Court of Appeals in passing upon the question, particularly after this Court has refused a request for review of a direct action by the United States. Furthermore the burden on the judicial system of awaiting lengthy retrials of the issues canvassed in the instant case needs no elaboration.

It is important to note that although the infringement suits presently pending are against private companies, a substantial portion of the alleged liability of each is contended to be the liability of the United States for infringement of these patents by reason of the Act of June 25, 1910, as amended (35 U. S. C., Sec. 68) and by virtue of the fact that the accused acts occurred during the war period and in response to government procurement orders. In addition the United States has, as against the licensees of respondent, invoked the Royalty Adjustment Act of 1942 (35 U. S. C., Secs. 89–95) as to license royalty accruals amounting to many millions of dollars. Respondents have threatened the United States with suits with respect to both of these types of claims in sums aggregating over $30,000,000, and, if the decision below in this case is not overturned, will doubtless urge that the United States is precluded by the doctrine of *res judicata* from presenting the otherwise controlling defense that these patents were procured by fraud.

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It is thus at least improbable that a conflict will arise in the situation presented by the instant case, and even if this did happen it would not affect the cases presently pending in the Sixth Circuit. Of even more importance, however, it is *certain* that under no circumstances can these issues again be raised in any court which would be in a position to grant full relief, i. e. cancellation of the patents *ab initio,* or to give adequate protection to the interests of the United States. The decision of the Sixth Circuit in this case will thus have nation-wide effect just as did that in the *Schriber-Schroth* case. In view of the importance of this case from the viewpoint of its effect on standards of practice in the Patent Office and of the number of related cases and the millions of dollars, both public and private, immediately involved, final determination by this Court of the questions presented seems to us to be clearly in the public interest.

2. There is another and even more compelling reason why this Court should not let these issues rest without review and affirmative disposition. This is not the usual patent case involving only ordinary issues of validity and infringement. It is a case reaching to the very roots of the patent system and involves the establishment of standards of frankness and fair dealing which shall govern the conduct of inventors, their assignees and their counsel in their relationship with the

Patent Office and, through the Patent Office, with the public.

The complaint charges that the two patents here in suit were procured as a consequence of deliberate fraud practiced upon the Patent Office. The essential facts are not in dispute; hence it will not be necessary for this Court, if it reviews the matter, to be burdened, except as it may elect, with the substantial record made below. The District Court and the Circuit Court of Appeals have, we submit disastrously from the standpoint of policing practice before the Patent Office, condoned deliberate concealment from the Patent Office of the mutual interests of ostensibly competing owners of two copending applications for patent covering the same subject matter, and the machinations and deceits of patent counsel acting in their behalf. Respondents in so doing were acting in pursuance of a scheme or plan, found by the courts below to have existed, but which respondents flatly denied to the Patent Office in order fraudulently to induce the Commissioner of Patents to issue one of the patents here concerned (R. I. 84, 89).

The courts below have sanctioned the manipulation by respondents of patent applications and Patent Office procedure for purely private advantage and in disregard of the public interest. In doing so these courts have ignored the paramount public interest in patents and have refused to

share in that judicial concern for protecting the public against fraudulent patent monopolies which was so clearly manifested by this Court in the *Hazel Atlas* case, *supra* and *Precision Instrument Co.* v. *Automotive Co.*, 324 U. S. 806.

Permitting the instant decision to stand unreviewed by this Court will be to narrow the effect of those cases at least in so far as they are understood to require that those dealing with the Patent Office owe an uncompromising duty to reveal to that Office all material facts relating to the prosecution of patent applications.

If the standards of conduct approved by the courts below in this case are to stand, the Patent Office, as its present Commissioner cogently pointed out in his letter to the Solicitor General, (Appendix A to the original Petition herein) will be, at a minimum, greatly hampered in discharging its responsibilities to the public, for it will be unable to maintain among applicants and their counsel those standards of honesty and fair dealing that alone protect the public against chicanery and the issuance of patent monopolies steeped in fraud. Such standards should not be permitted to prevail except upon a clear expression by this Court. This is particularly desirable in view of the present importance of this subject and of the fact that this Court has not been called upon for 51 years to define the principles which are to govern proceedings for the cancellation of patents.

Matters of such critical importance to the public interest, the Patent Office, and to so many courts and litigants should be affirmatively settled by this Court, not by a Circuit Court of Appeals.

CONCLUSION

For the above reasons if is respectfully urged that rehearing be granted and that, for the reasons set forth herein and in the petition for certiorari, upon such rehearing a writ of certiorari issue to the Sixth Circuit Court of Appeals in accordance with the petition filed herein on March 8, 1948.

Respectfully submitted.

PHILIP B. PERLMAN,
Solicitor General.

CERTIFICATE OF COUNSEL

I hereby certify that the foregoing petition for rehearing is presented in good faith and not for delay and is restricted to grounds specified in Rule 33 of the rules of this Court.

PHILIP B. PERLMAN,
Solicitor General.

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In the Supreme Court of the United States

OCTOBER TERM, 1947.

No. 663.

UNITED STATES OF AMERICA,
Petitioner,

vs.

THE COLD METAL PROCESS COMPANY, ABRAM P. STECKEL AND THE UNION NATIONAL BANK OF YOUNGSTOWN, OHIO, TRUSTEE OF THE LEON A. BEEGHLY FUND,
Respondents.

BRIEF OPPOSING PETITION FOR REHEARING.

The petition for rehearing should be denied for the reasons advanced in opposition to the Petition for Certiorari and because (1) it fails to comply with Rule 33 of this Court, and (2) it presents no substantial reason why this Court should grant certiorari to review the concurrent findings and conclusions of the Courts below. In the instant petition, as in the Petition for Certiorari and in the Courts below, petitioner has distorted the facts and ignored the findings unacceptable to it, as well as the substantial evidence upon which those findings and conclusions were based. As the Court of Appeals said (I:282):

> "But appellant's [now petitioner's] contentions repeatedly ignore the findings and the substantial evidence upon which they are based."

Although petitioner asserts that it "accepts the facts as found" by the lower Courts, the fact is that its entire petition amounts to a challenge of those findings and a charge that they were incomplete. The Court of Appeals, however, properly held that the findings of the District

Court were "complete, responsive to and amply supported by the record" (I:282). Petitioner also complains that the inferences drawn by the Courts below were wrong; but petitioner's contentions are based upon a distortion of the facts and a disregard of facts which destroys the inferences that it seeks to draw.

I. The Petition Fails to Comply with Rule 33.

The petition obviously does not comply with the first ground for rehearing set forth in Rule 33 since it alleges no "intervening circumstances." Nor does it comply with the second ground for rehearing, since it fails to set forth any "substantial grounds available to petitioner although not previously presented." The grounds alleged were not only available to petitioner but were presented in the original Petition for Certiorari.

A. *As to Ground 1 of the Petition.*

The original petition (p. 32) points out that it is only in a suit brought by the United States that patents can be cancelled on the ground of fraud or mutual mistake, and cites the *Bell Telephone* cases.[1] Having once litigated those factual issues, it is too plain for argument that no further suit based on the same charges and factual situation could be maintained by the United States. This situation must have been perfectly apparent to the Court when it denied the Petition for Certiorari and thereby refused to review the purely factual situation presented in this case on which the courts below were unanimous.[2]

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[1] Those cases were cited with approval and followed in this Court's decision in *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U. S. 238.

[2] The denial of the petition in the case at bar is in full accord with the principles stated and the cases cited at pages 3, 4 and 8 of respondents' original brief herein.

B. *As to Ground 2 of the Petition.*

The supposed importance of the issues here presented to the Patent Office, the public and those involved in infringement cases was presented in the original petition at pages 22-26, and 32-40. Those contentions were discussed and refuted in respondents' original brief at pages 4-6, 26-27, and 29-30. They have been "previously presented," and disposed of.

II. The Petition Presents No Substantial Reason for Granting a Rehearing and Does Not Correctly or Fairly Present the Pertinent Facts.

A. *As to Ground 1 of the Petition.*

Petitioner's first point is patently unsound. In the first place the decision herein will not in itself preclude any private litigant who is sued for infringement from defending on the same charges as those relied on by petitioner, as well as on all other defenses available in infringement actions. This would be equally true after a decision by this Court favorable to respondents. In the second place, unlike the situation in the *Schriber-Schroth* and *Muncie Gear* cases,[3] there is no concentration of the rolling industry or the litigation on these patents in the Sixth Circuit. The rolling industry extends throughout the country, the patents have already been litigated in the Third Circuit,[4] and infringement cases are now pending in the First, Third, Fourth, Sixth and Seventh Circuits. In the third place, the decision in this case will not in itself

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[3] *Schriber-Schroth Co. v. Cleveland Trust Co.*, 305 U. S. 47, 50 (1938); *Muncie Gear Works v. Outboard Co.*, 315 U. S. 759, 765-6 (1942).

[4] *Cold Metal Process Co. v. United Engineering & Foundry Co.*, 3 F. Supp. 120, 68 F. 2d 564, cert. den. 291 U. S. 675; *Cold Metal Process Co. v. Carnegie-Illinois Steel Corporation et al.*, 108 F. 2d 322, cert. den. 309 U. S. 665. In both of these cases the charges of fraud now relied upon as to patent '195 were strongly urged upon this Court in the petitions for certiorari which were denied.

be *res judicata* in any private litigation even in the courts of the Sixth Circuit.

Petitioner seeks to create prejudice and magnify the importance of the case to the United States, by referring to its potential liability under the 1910 Act and to the pending proceedings under the Royalty Adjustment Act. If private infringers should succeed in shifting to the United States a part of their liability for infringement, the United States, in any suit which may be filed by respondents in the Court of Claims under the 1910 Act, would have available to it all of the usual defenses in patent infringement cases. In the Royalty Adjustment litigation, respondents are merely trying to prevent the United States from appropriating royalties due from licensees to which respondents are entitled under lawful license agreements.

B. *As to Ground 2 of the Petition.*

This ground of the petition is fully covered in respondents' brief opposing certiorari (pp. 4-7, 26-7). Moreover, the entire argument presupposes that there was fraud, that material facts were withheld from the Patent Office, and that it was therefore misled. This is not the case. Both lower Courts held that the Patent Office had knowledge of the facts before issuing the patents. Any question as to the standard of conduct applicable to dealings with the Patent Office is wholly academic here in view of the express findings of the Courts below, fully supported by the record, that there was no fraud, misrepresentation or mistake.

Conclusion.

We submit that the Petition for Rehearing should be denied.

Respectfully submitted,

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May 19, 1948.

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